





## Hebrew Dispatch Quotes Britons

## Paper Claims U.S. Vowed Equal Aid to Egypt, Israel

By Dial Torgerson

JERUSALEM, Oct. 18 — An Israeli newspaper said yesterday that the Camp David agreements contain secret clauses that provide for military cooperation among Israel, Egypt and the United States.

The newspaper, Davar, citing what it said were British intelligence sources, said that the United States had agreed to give Egypt economic assistance equal to what it gives Israel, between \$2 billion and \$3 billion a year.

President Anwar Sadat of Egypt, Davar added, was to be given CIA protection against any attempt to assassinate him, particularly any attempt mounted in Libya. It said that CIA agents were already in Egypt in connection with this assignment.

In Washington, the State Department said that the only agreements reached at Camp David were embodied in the framework for peace worked out by Mr. Sadat and Prime Minister Menachem Begin of Israel with the help of President Carter.

The Israeli newspaper article appeared in the Hebrew-language daily under the byline of its London correspondent, Yoram Peri. Parts of it had been eliminated by Israeli censors.

## Rhodesia Raids Guerrilla Bases In Mozambique

SALISBURY, Rhodesia, Oct. 18 (UPI) — Rhodesian troops today launched a wave of operations against Patriotic Front guerrilla bases in neighboring Mozambique, three days after insurgents shelled the eastern border city of Umtali.

A military communiqué said the raids are aimed at bases occupied by members of the Zimbabwe African National Liberation Army, the military arm of Robert Mugabe's faction of the Patriotic Front.

The announcement was made three days after ZANLA guerrillas, operating from hills within Rhodesia, attacked Umtali, about a mile west of the Mozambique border, with rockets, mortars and small arms. Five persons were wounded in the attack.

The latest incursions into Mozambique were the first that Rhodesia has admitted since late last month when it carried out four days of ground and air strikes against suspected guerrilla bases in Mozambique's Mafico province.

The Rhodesians said they destroyed 25 ZANLA bases and seriously disrupted guerrilla lines of communications, but they admitted that up to 4,000 guerrillas who had been expected to be in the area had vanished.

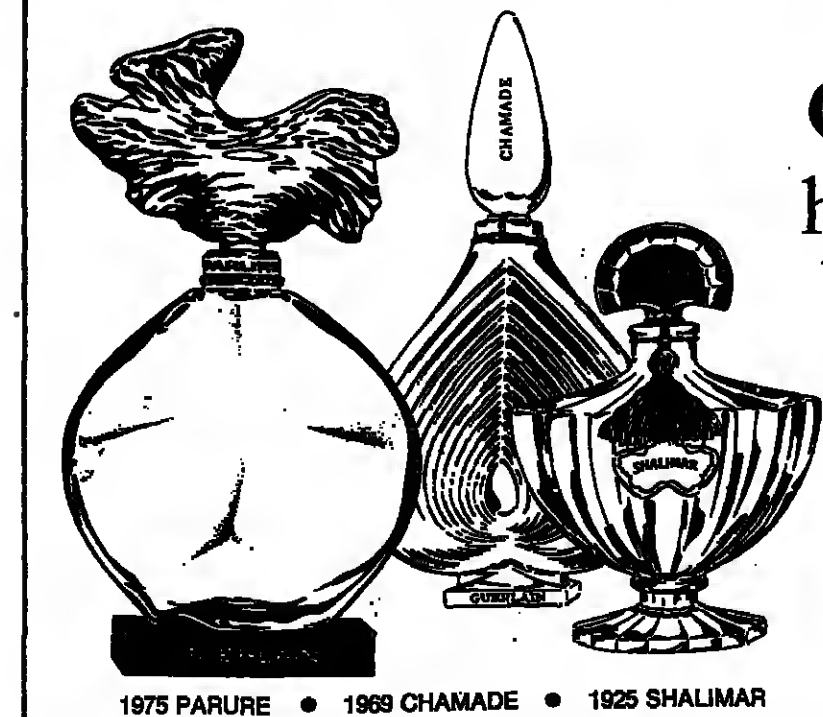
The military command said Rhodesian troops, of whom two were killed, inflicted considerable casualties. Sources said about 300 guerrillas may have been killed in the September raids.

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Ministers leave conference room in Pretoria after final talks on Namibia. From left: British Foreign Secretary David Owen, U.S. Secretary of State Cyrus Vance, South African Foreign

Minister R.F. Botha, West German Foreign Minister Hans-Dietrich Genscher, Canadian Foreign Minister Donald Jamieson and French Deputy Foreign Minister Olivier Stirn.

## UN Talks on Namibia End; Pretoria Reply Expected

(Continued from Page 1)

delay the vote because it believes this would give SWAPO time to line up the support of the majority of the territory's 1 million blacks.

One proposal discussed was said to classify the Dec. 4 election as an opinion poll, with the UN-supervised election next year to elect an assembly to write a constitution.

Marthinus Steyn, the South African administrator of South-West Africa, said he was optimistic and said that the Dec. 4 vote could be seen as a broad-based referendum.

Sources reported that the Western ministers agreed to reduce the size of the proposed UN peacekeeping force for the transition period and to allow it to be made up largely of Canadian troops and British military technicians to meet

South African opposition to a 7,500-man force with large African contingents.

The key question was whether the South Africans would risk a SWAPO election victory next year and the leftist government that would probably result.

South Africa has run the territory since 1920 under a League of Nations mandate which the United Nations rescinded in 1966.

The UN Security Council has set an Oct. 23 deadline for the Western ministers to secure Pretoria's agreement to the UN plan for independence. Unless they can show progress by then, the Third World-Communist majority in the world body is certain to press for sanctions against South Africa.

## Syria Reportedly Plans To Pull Out of Lebanon

(Continued from Page 1)

staunchly demanded by the rightist leadership, but opposed by Syria and the Moslem politicians in Lebanon.

Saudi Arabia, the Sudan and the United Arab Emirates are believed to have fewer than 3,000 troops in Lebanon at present.

The rightist radio claimed that Jordan would join the ADF for the first time, with a 5,000-man contingent, while Saudi Arabia and the United Arab Emirates would increase their contributions by 1,500 and 3,500 troops, respectively.

Any Syrian withdrawal would be

likely to be kept secret to avoid embarrassing the Syrian government, since such a move undoubtedly would be interpreted as a victory for the Christian militias.

In its public communiqué, the participants at the Beirut Dine conference made a concession to Syria by adopting the view that the Lebanese collaborating with Israel should be punished.

This denunciation of the Christian collaboration with Israel followed similar criticism by the French and U.S. governments, both of which charged Camille Chamoun, the Christian leader, with provoking the recent fighting.

The Western criticism had a stunning effect on the few thousand Christians living in the heavily battered Christian sector of Beirut. Many had been nurturing hopes that the Western powers would eventually come to their rescue, a development now ruled out because of the public accusations against their leader.

In addition to Syria and Lebanon, the seven-nation conference was also attended by Saudi Arabia, the Sudan, the United Arab Emirates, Kuwait and Qatar — the last two by virtue of their financial support of the ADF.

## Mideast Talks Resume; Aides Say 'No Crisis'

WASHINGTON, Oct. 18 (UPI)

The Egyptian-Israeli peace talks today resumed work in closed session, and a conference spokesman insisted that "there is no crisis, no deadlock, no emergency."

Although some of the negotiators have said unspecified problems have cropped up in the effort to conclude an Israeli-Egyptian peace treaty, the spokesman, George Sherman, suggested the difficulties were relatively minor ones.

President Carter called the Israeli and Egyptian teams to the White House yesterday when Israeli Foreign Minister Moshe Dayan said the peace treaty negotiations had encountered "difficulties."

Mr. Carter later said there had been "no crisis" regarding his intervention, that he merely wanted to review the progress of the talks, in their sixth day today.

Diplomatic sources said that the conference has dealt with a specific military item not included in the Camp David treaty framework — the future of the U.S. Sinai Field Mission, which keeps watch over the buffer zone between Egyptian and Israeli forces near the Suez Canal.

## Quantas Bars Jews to Syria

CANBERRA, Australia, Oct. 18 (UPI) — Transport Minister Peter Nixon confirmed today that Quantas airline flights stopping in Syria do not carry Jews because of Syrian government laws.

Mr. Nixon's statement to Parliament followed newspaper reports condemning the Quantas practice and a formal motion of condemnation by the opposition Labor Party.

"What this question raises is that there is discrimination against Australian citizens on Quantas flights," he said. "That is something of concern to the Australian government. For that reason, I have sought a full explanation from Quantas."

## Karpov Wins, Keeps World Chess Title

(Continued from Page 1)

was almost an anticlimax to a day in which the bizarre psychological maneuvers that have characterized the match reached new heights.

Mr. Korchnoi, 47, is like Mr. Karpov, from Leningrad, but he defected to the West two years ago in protest of what he said was harassment and neglect by the Soviet chess federation. Moscow was putting all its hopes on Mr. Karpov, 27, to regain the world title from the brilliant but eccentric American, Bobby Fischer. When Mr. Fischer refused to defend his title in a dispute over rules, Mr. Karpov was declared champion by default. Then, to Soviet chagrin, Mr. Korchnoi won a series of qualifying matches thought too wearing for a player his age and ended the right to meet Mr. Karpov here for what is now a \$440,000 first prize.

The enmity between Mr. Korchnoi and the large Soviet delegation surrounding Mr. Karpov has filled the clear air of this Philippine mountain resort. The two sides have quarreled over the size of the players' chairs, the flavor of Mr. Korchnoi's yogurt and the tint of Mr. Karpov's sunglasses.

Yesterday, the sideline tending returned to the two most salient issues: the presence at Mr. Korchnoi's villa of two American yoga specialists recently convicted of attempted murder, and the presence in the playing hall of a Soviet psychologist Mr. Korchnoi has accused of trying to hypnotize him.

The yoga experts, Steven Dwyer and Victoria Sheppard, are members of the India-based Ananda Marga sect and were recently convicted by a Philippine court of kidnapping an Indian diplomat as part of a worldwide campaign by the sect to force the Indian government to release its jailed founder. Both are free on bail and, resplendent in bright-colored robes, have become a fixture in Mr. Korchnoi's entourage. His remarkable comeback has been attributed in part to meditation exercises taught by the U.S. pair. They have seemed to calm Mr. Korchnoi's nerves, badly frayed by his early defeats.

The Soviet representatives and the Philippine organizers of the tournament vigorously protested the Americans' presence, however. Yesterday the Soviet officials apparently threatened to pull Mr. Karpov out of the match, and the International Chess Federation jury members, who oversee the championship, held a long meeting. It ended only when Mr. Keene, Mr. Korchnoi's chief second, went to a local police station and signed a statement asserting that the two Americans were on their way out of town.

Early in the tournament, Mr. Keene had arranged a truce with the Soviet officials that called for Mr. Karpov's personal psychologist, Dr. Vladimir Zoukhar, to move well to the back of the playing hall where Mr. Korchnoi could not see him. In return, Mr. Korchnoi agreed to stop wearing reflecting sunglasses, which Mr. Karpov said distracted him.

About an hour after the final

## Some Parts to Be Produced

## Carter Leaves Door Open On Future Neutron Arms

By Walter Pincus

WASHINGTON, Oct. 18 (WP) — President Carter today kept open, but only slightly, the option of someday deploying neutron weapons, as he made his long-delayed decision to begin production of a nuclear 8-inch artillery shell and Lance missile warhead.

The weapons to be built will be the same nuclear fission type as now deployed in Europe, but they will be able to be converted to a neutron or enhanced-radiation effect with the insertion of a special component.

Mr. Carter also ordered that some, but not all, of the elements that make up the insertable neutron component be produced.

"He did the minimum to keep the [neutron] option open," a Carter aide said.

Neutron weapons are designed to destroy their targets primarily through radiation. The fission weapons now in Europe depend mostly on blast and heat for their killing effects.

Proponents of neutron weapons argue that they are the best weapon to combat the Soviet tank force in Western Europe because their radiation would kill crews inside the tanks but their reduced blast would not destroy towns adjacent to the battlefield.

Opponents argue that, because the neutron weapons caused less physical damage, they would be more likely to be used and thus lower the nuclear threshold.

When the proposed U.S. production of neutron weapons became known in June, 1977, it set off an international debate.

On April 7, after controversy on the new weapons grew, Mr. Carter announced that he was deferring immediate production of neutron weapons but would go ahead with modernization of the nuclear artillery shells and the Lance missile.

He also said he would leave open the option of installing the enhanced radiation elements.

For the past six months, however, the administration has been wrestling with the problem of how to implement Mr. Carter's decision.

Proponents of neutron weapons pushed for production of the shells and warheads and simultaneously the completed neutron components. The components were to be stockpiled in the United States when the shells and missile warheads were completed and sent to Europe. Then, it was argued, there would be no delay if the president decided he wanted neutron weapons.

Some Pentagon and State Department officials argued the building all the parts at once was no different from building neutron weapons and that this undermined Mr. Carter's deferral decision.

The White House was sent a series of production options late in the summer which ranged from producing the entire neutron component, to producing some of it, to producing none of them.

A Department of Energy official said today Mr. Carter's approach showed that "a presidential decision to convert to neutron weapons is not there now."

The Carter announcement appeared to be timed to meet both domestic and foreign need.

## China Pact Is Ratified

(Continued from Page 1)

we forget about it, almost as if it had never taken place."

Japan, the diplomat said, is "not concluding the treaty in order to have a special relationship with China," as it was traditional Japanese postwar policy "to establish and maintain friendly relations with all countries."

However, since the signing of a treaty an extraordinary momentum has built up, with Chinese proposals for huge amounts of Japanese aid to China, including loans of \$1 billion to develop oil wells at sea.

"The treaty might turn out to be the major event of the decade," the official said.

The key question, diplomats here say, is whether a long-term Chinese-Japanese trade agreement signed early this year and envisaging an additional \$20 billion trade through 1985, will actually be carried through.

"The trade agreement is still an expression of wishful thinking on both sides," the diplomat said. "There is caution on both sides, both countries."

Everything depends on whether China has the capacity to export Japan huge amounts of oil, in the Japanese view, and, in turn, whether the Japanese oil refining industry will prove willing to accept the oil.

Paying in Oil

Under the long-term trade agreement, China plans to pay mainly in oil for construction with Japanese aid of a succession of huge plants including two steel plants that China has recently requested. That would have a combined capacity of 16 million tons, cost several billion dollars, and would raise Chinese steel production, now 265 million tons, by more than 60 percent.

Following the signing of the treaty, there has been euphoria on both sides over the prospect of a unique combination of Chinese labor and Japanese technology and capital that could in the long run change the balance of industrial and commercial power in the world.

But Japanese experts warn that there are many obstacles to overcome even before the relatively modest long-term trade agreement of this year can be realized, notably the lack of enthusiasm of Japanese oil refiners who are worried by the poor quality of Chinese oil.

## KLM Pilot Cited In '77 Disaster

MADRID, Oct. 18 (UPI) — The official Spanish report on the historic disaster in civil aviation history said today that the March 27, 1977 collision of two jumbo jets was caused by the unauthorized takeoff of a Dutch Boeing 747.

The crash occurred on Tenerife in the Canary Islands when the KLM jet hit a Pan American 747. The accident took 583 lives.

The report said: "The fundamental cause of this accident was the fact that the KLM captain took off without clearance, did not obey the 'stand by for takeoff' from the tower, did not interrupt takeoff or learning that the Pan Am [jet] was still on the runway and in reply to the flight engineer's query as to whether the Pan Am had already left the runway, replied emphatically in the affirmative."

The international Herald Tribune essential.



## 'On Collision Course' With Democrats

## Coalition to Fight Conservatism in U.S.

By David S. Broder

DETROIT, Oct. 18 (WP) — Declaring themselves "on a collision course with the Democratic Party," representatives of about 100 liberal and labor organizations agreed yesterday to form a coalition to combat what they called the growing power of corporations and conservatives.

Douglas Fraser, president of the United Auto Workers and principal organizer of the movement, denied that it was the forerunner of a drive to dump President Carter, but he said that it would try to discipline Democrats who break campaign commitments.

Members of the coalition, representing a variety of labor, civil rights, environmental, community and "public interest" groups, expressed frustration with the record of the Democratic Congress and called on Mr. Carter to veto the tax bill, which they said contradicted his campaign commitment to tax reform.

The one-day meeting called by Mr. Fraser did little more than authorize him to name continuing committees on issues and political strategy. But Mr. Fraser said that it would be the first step in a battle

for changes in party and congressional rules aimed at making the Democrats deliver on platform promises.

## 'Right-Wing Victories'

"Right-wing corporate powers, with the assistance of faceless politicians, are winning the legislative fight," Mr. Fraser said. "They are outlobbying, outworking, outspending and outthrusting us, and unfortunately, at times, they are outthinking us."

Mr. Fraser denied that the meeting was aimed at promoting a challenge to Mr. Carter from Sen. Edward Kennedy, D-Mass., or anyone else, saying: "I'd like to stay away from personalities."

But reflecting the disillusionment of many liberals with the conservative turn in Washington, he said:

## 3 Romanians Ask Temporary Turkey Asylum

ANKARA, Oct. 18 (AP) — Three Romanians, including the coach of their national rowing team, have defected and asked for temporary asylum in Turkey, official sources said yesterday.

They said that all three intended to go to a Western country and were being kept at a guest house in Istanbul pending completion of the legal proceedings.

Defectors to Turkey from neighboring Communist countries usually seek asylum in a European country, the United States, Canada or Australia. They use Turkey as a first stop on the way to these countries, an official said.

He said that the Turkish government, acting in accordance with the 1951 Geneva Convention, has provided the defectors with temporary shelter where they can remain until they receive permission to travel to a country where they wish to settle.

## Dole Will Run For President

KEWANEE, Ill., Oct. 18 (AP) — Sen. Robert Dole, R-Kan., said last night that he would be a presidential candidate in 1980.

Sen. Dole, who was the Republican vice-presidential candidate in 1976, often had hinted that he would enter the presidential race. However, last night was the first time that he gave a direct affirmative answer to a newsman's question of whether he would seek the nomination in 1980.

## But State Withholds Agreement

## Accord Reached in Maine Tribes' Claim

AUGUSTA, Maine, Oct. 18 (AP) — A proposed settlement of the summer which Maine has been accepted by the state, the tribes and parts, to produce a landowners, it was announced today by the state.

A Department of Interior last night. It would not show that "a problem. William Hathaway, D-Maine, said that the state officials had agreed to the plan.

The Carter administration yet formally agreed to the plan. There are 330,000 small landowners in the area claimed by the tribes under an almost 200-year-old law. If the case went to court, private and state property in the area could have been tied in litigation for years.

Legal experts have said that none of the land probably could have been sold while the court case was pending, so because its ownership could have been in doubt. The event had never been a federal park in the area.

Sen. Hathaway said that he was to have a special legislative session to approve the agreement would be a "historic" day for Maine.

Federal Payments — He said that the settlement called for an initial federal payment to the tribes of \$27 million and a subsequent \$10 million payment. The total \$37 million would be split evenly between the state and the federal government and used to buy 100,000 acres of the state's largest landowners.

Sen. Hathaway emphasized that the key part of the agreement called for the state's \$5 million portion to be credited to Maine's previous support of the tribes. The federal government would then assume the state's obligation.

The trade agreement would then assume the state's obligation. The previous payments on behalf of the tribes would be credited to the state's obligation.

There is a caution note on the other side of the coin.

Everything depends on the state's ability to pay the tribes. The state's ability to pay the tribes depends on the state's ability to pay the tribes.

Under the long-term agreement, China plans to build a steel plant. The plant would be built on a site of 100,000 acres. The plant would be built on a site of 100,000 acres.

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## Jean Prouvost, Textile, Press Magnate

Mr. Prouvost soon found a use for the additional photos piling up in the archives. He acquired the sports weekly *Match*, changed its content to general news and made it into one of the world's two or three best picture magazines, selling 2 million copies weekly by 1938.

**Gonzalo Santos**  
MEXICO CITY, Oct. 18 (AP)—Gonzalo Santos, 82, one of Mexico's most influential politicians, died yesterday of a coronary failure at his home.

Mr. Kuhn was born in New York City, was graduated from Columbia University with honors in 1925, and became a reporter on The New York Times. He was assigned to its London bureau in 1928 and became chief London correspondent in 1936. He returned to the United States in 1939.

After a brief stint as an editorial

Jean Provost

**Frank Woolley**

Mr. Woolley, a graceful left-hander, played for England 64 times, scored five centuries, and in 1913 took 10 for 49 against Australia.

## New Tax Rules More Complex for Americans Abroad

- **Housing:** A deduction for reasonable housing costs in excess of one-sixth of net income (represent-

Senate bill but was worked out at the last minute by the conferees to provide some incentive for Americans overseas working in true hardship conditions.

## FBI Is Investigating

(The International Herald Tribune will publish the full text of the bill on taxation of Americans overseas as soon as it is available.)

## Israel to Free U.S. Youth Tied To Terror Unit

He was convicted in June membership in the Popular Front for the Liberation of Palestine and of going through military training with the group in Libya.

## FBI Is Investigating Death of CIA Ex-Aid

WASHINGTON, Oct. 18 (AP) — The FBI is investigating the possibility of foul play in the death of former CIA official John Paisley, whose body was found shot and strapped with diving weights in Chesapeake Bay, federal law en-

Officials, who asked not to be identified by name, said that the FBI is taking a close look at the circumstances surrounding Mr. Paisley's death. Government sources said that there was a possibility the federal government could have jurisdiction in the case on grounds that a crime may have been committed on the high seas.

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THE PROBLEM NEVER MORE COMPLEX.

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The framework of international financial responsibility will be examined by Guido Carli, President of Confindustria and former governor, Bank of Italy.

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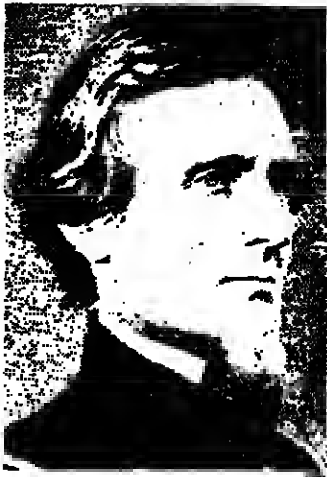
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## U.S. 'Forgives' Confederate Leader



Jefferson Davis

WASHINGTON, Oct. 18 (AP) — President Carter yesterday signed a bill restoring citizenship to Jefferson Davis, the president of the Confederacy, and said it is time to forgive and forget.

Mr. Carter, first president of the Deep South since the Civil War, signed an amnesty bill restoring citizenship to Davis, the president of the Confederacy, and said it is time to forgive and forget.

Before the Civil War, Davis had served as both a senator and congressman from Mississippi and was a member of President Franklin Pierce's Cabinet.

Davis was imprisoned without trial for two years after the war and was excluded from the 1876 amnesty bill that restored citizenship to most Confederate leaders.

## 2 Receive Visas to Visit U.S. Relatives

## 6 on Soviet Emigre List Only Tourists

By Dan Fisher

MOSCOW, Oct. 18 — One-third of the names on what was believed to be a list of emigration cases that Soviet President Leonid Brezhnev signed last month to review are individuals who want only to visit relatives in the United States — not leave the Soviet Union permanently, the Los Angeles Times has learned.

The U.S. Embassy here discovered the discrepancy when two persons on the list — Jonas Cijunelis and his wife, Dalia Sabina Puzauskiene, both of Vilnius in Soviet Lithuania — were issued visitor visas.

A subsequent file check revealed in a February letter that four names on the list of 18, the U.S. Embassy said, were given to Mr. Brezhnev by the Soviet Ministry of Foreign Affairs, D.M., and that a Sept. 9 meeting also was held to discuss the list.

Those in Moscow who had been refused permission to emigrate — primarily Jews — had been mystified by some of the names on the list from the beginning because they were not among those previously known to have been seeking exit permission. The embassy's discovery thus cleared up at least part of the mystery.

Mr. Puzauskiene is reportedly in the United States and Mr. Cijunelis is expected to leave for the United States shortly. It is unknown how long they intend to stay, but both are expected to return here to rejoin families in Lithuania.

Meanwhile, it was also learned yesterday that three other families on the list have been told by Soviet emigration officials that the secrecy restrictions previously barring their departure have been lifted.

Jewish sources here reported that Regina Berman, Alexander Bolshoi and Gagegeniya Rezker, all of Moscow, have been notified by the Soviet government that they will soon be allowed to leave for Israel.

The Soviet government has used employment in sensitive enterprises by the applicant or a family member as a basis for refusing exit permission. It usually takes from one to two months from the time a secrecy restriction is lifted until the authorities issue the necessary exit visas.

The first of the 18 families on the Kennedy list to have been told they no longer were barred from leaving for security reasons were notified during the weekend that their exit visas have been issued, Jewish friends said yesterday. Galina Nizhnikova and her husband, Eduard, had been told the day before Sen. Kennedy's meeting with Mr. Brezhnev that they would be allowed to leave.

The discovery that one-third of the cases on the Kennedy list do not really involve Soviet emigration applicants takes away some of the mystery from the Kremlin action. But diplomatic sources here said yesterday that the cases nevertheless represent important movement.

Some of the visitors visa cases involve long-standing applications that have previously been blocked, said a source. Also, another source said, there has been some recent movement on emigration cases not included on the Kennedy list. Three families from Kiev, capital of the Ukraine, were recently given approval to leave, for example.

"It could still be an indicator on the part of the Soviets that they want to improve their image in the eyes of Congress and the American public," said a Western diplomat.

Cambridge has warned of an impending Vietnamese invasion.

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## 6 Female Ministers

## Sweden Premier Selects All-Liberal Government

STOCKHOLM, Oct. 18 (AP) — Premier Ola Ullsten today gave Sweden its first all-liberal Cabinet in 46 years, with women taking 6 of the 19 portfolios.

The Liberal minority government, which has only 39 of the 349 seats in parliament, succeeds the outgoing Cabinet of the former centrist premier, Thorbjörn Fälldin.

Mr. Ullsten, who took over the leadership of the Liberal Party this year, said in his inauguration speech that one of the toughest challenges facing the new government is the nuclear issue, which brought down the three-party coalition government after only two years in power.

"This government intends to pursue an energy policy that can gain widespread support in this house and among the Swedish people," Mr. Ullsten said.

Mr. Ullsten, 37, a career politician since the late 1950s, obviously faced problems in putting together a government, which is assured to stand only for the next eleven months. General elections are set for next September.

Strength Maintained  
To avoid weakening his party's position in the Riksdag, Mr. Ullsten picked only three members of parliament for new Cabinet seats. He also kept five members of the outgoing Cabinet in their posts.

Mr. Ullsten kept Ingemar Mundebao as budget minister but also awarded him the economy post. Sven Romanus, who describes himself as an independent liberal, stays on as minister of justice. Also remaining in their offices are the minister of culture, Jan-Erik Wikström; the minister of labor, Rolf Wirthen; and the minister of housing, Birgit Friggebo.

Realizing the difficulties of leading a minority government, Mr. Ullsten said: "Government proposals can only be carried through if they obtain the support of a parliamentary majority, and we shall endeavor to proceed, step by step, to translate these ideas from statutory provisions to practical reality."

Welfare Deficiencies  
Acknowledging "great deficiencies" in the Swedish welfare society, Mr. Ullsten said that there is room for much improvement in the social, educational and economic sectors.

Gromyko to Visit France  
MOSCOW, Oct. 18 (AP) — Soviet Foreign Minister Andrei Gromyko will make an official visit to France later this month, Tass reported today.



Ola Ullsten

## Social Security Tax Base Seen Shifting By Expert

By Wayne King

ATLANTA, Oct. 18 (NYT) — Recent increases in the Social Security tax fall far short of full funding of the system, and future benefits will either be reduced or further substantial tax increases will have to be made, according to a former chief actuary of the Social Security Administration.

Harworth Robertson, now vice president of a consulting firm, predicted that further resistance to payroll-tax increases to meet the imbalance will ultimately develop, resulting in the use of some form of nonpayroll tax, such as a general revenue or a value-added tax, sometime after the end of the century.

Mr. Robertson, who spoke to a group of business executives here, also predicted that all state and local government employees now exempt from the system would ultimately become participants, and that in the next 25 years employees would be working longer and retiring later.

Discussing the outlook for the next 75 years, he said that for the first half of the next century, average Social Security expenditures are projected to be about 44 percent greater than the scheduled average payroll-tax income and will be at almost twice the rate payable in 1978. Thus, he said, "the Social Security amendments of 1977 did not solve all of the financial problems of the program."

In particular, he said, resolution of two major problem areas was deferred: the long-range financing problem beginning when the children of the post-World War II baby boom begin to reach age 65, inflating the old-age, survivors and disability insurance program; and the short-range financing problem caused by the continuing rapid escalation of hospital costs.

Thus, he predicted, "Taxpayers must become accustomed to paying higher taxes for Social Security benefits unless those benefits are reduced below current levels."

"It is just not possible," he said, "to pay for the current Social Security program with the taxes now being collected."

Mr. Robertson said that the failure of the public to understand the workings of the program — the tenuous relationship between the taxes paid and the benefits received, for example — would make the job of modifying the system over the years very difficult.

Moreover, he said, the possibility of sustained high levels of inflation made it likely that private pensions and private savings will play an increasingly smaller role in providing economic security, and the Social Security benefits must increase as a result, further adding to long-range costs.

This, in turn, "will result in an eventual conflict between the working and nonworking populations, since the nonworking population cannot be protected against the ravages of inflation except at the expense of the working population."

## W. Europe Output Hurt By Welfare, Report Says

By Deborah Ward

WASHINGTON, Oct. 18 (IHT) — The recent growth of welfare systems in six Western European nations that provide the highest levels of welfare benefits has impaired productivity, a new report of the National Planning Association contends.

This, in turn, is leading the six countries to protectionist production and trade policies, policies that are adversely affecting U.S. employment and incomes, the study says.

The study was written by Theodore Geiger, director of international studies for the association and a professor of foreign affairs at Georgetown University. It was funded jointly by the U.S. State Department and the association's Committee on Changing International Realities, and published Monday.

Mr. Geiger surveyed the welfare systems of West Germany, the Netherlands, the United Kingdom, Denmark, Sweden and Norway. These countries provide among the most extensive welfare benefits and have expanded their welfare systems the most rapidly since the mid-1960s.

Welfare services, such as health care and sick pay, pensions, family allowances, rent and house-owning subsidies, free tuition and student stipends, which are available to virtually all citizens, are the largest items in the budgets of the six countries.

Such large expenditures for welfare programs are no longer practical, Mr. Geiger maintained, adding that they are triggering higher taxes and increased government borrowing, two factors that contribute to high rates of inflation. In addition, "rising taxes are pushing production costs up to levels that inhibit private investment and competitiveness," he wrote.

Reduced competition is forcing each of the six countries' governments to impose new barriers against imports and to provide large subsidies to help their private enterprises.

Aside from this major economic shift, increased subsidies are affecting employment policies, wages and employee attitudes. A growing number of workers no longer see the advantages of income earned for work when income can be obtained from the national welfare system, the report said. The results of increased work benefits, it said, have been high absenteeism, labor turnover and idleness.

The negative effect sparked by welfare growth is a fairly recent development, the report said. In the past, welfare subsidies had a positive effect on productivity. Only

until a few years ago, "better medical care, nutrition, housing, education, etc., raised labor productivity by improving workers' skills and their physical and psychological well-being. In recent years, however, too much of the wrong kinds of welfare benefits have adversely affected productivity."

The study recommends that the countries adopt a code to govern the use of subsidies and lessen taxation so that capital formation and productivity growth will not slow. It suggests that business and union leaders "take adequate account of the need to assure sufficient incentives and resources for investment and exports," improve incentives for workers to better their labor skills and that the government devote more studies to the relationship between welfare and efficiency.

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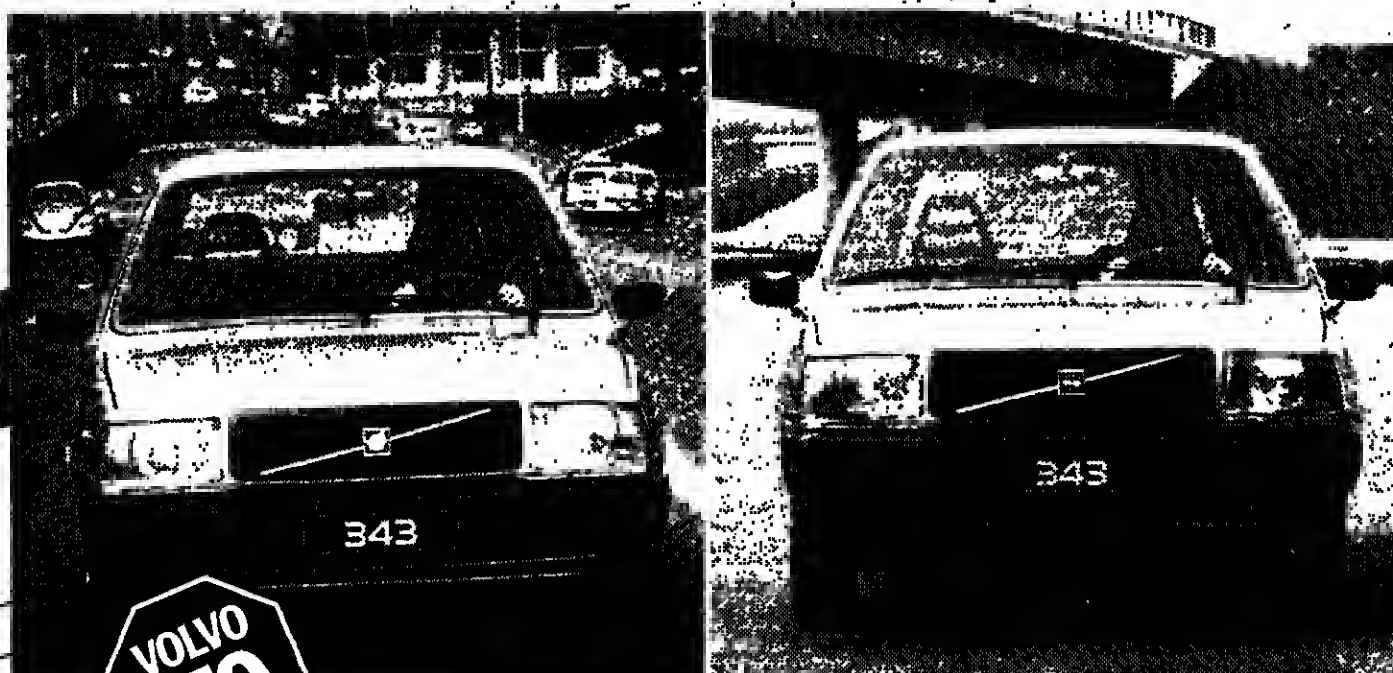
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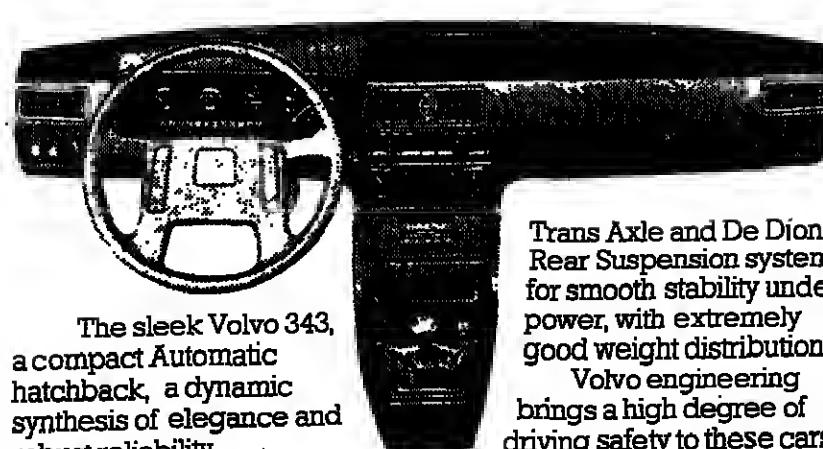
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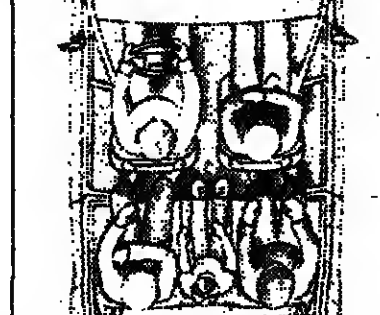
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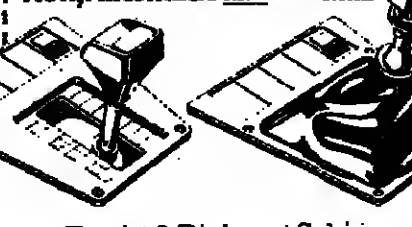
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## A Presidential President

To judge by Jimmy Carter's performance in dealing with the 95th Congress, his political education is proceeding apace. He came to Washington rather like an emissary — in his own mind perhaps an emissary of all the people — to a strange foreign capital on whose institutions and mores he intended to impose his own superior design. He found that the establishment was fragmented and parochial, resistant to designs not of its own hand, and more than a little disrespectful of interlopers who did not grant easy legitimacy to traditional political styles.

Mr. Carter has had the wit, however, to diagnose his own shortcomings, of which the largest was the failure to convince either his partners or adversaries in government that he accepted the need to employ the full powers of his office. No less important, he was able to turn events to his own advantage. The upshot is the hard-won respect in which he is basking now that the 95th Congress has gone home. He is widely perceived to a "presidential" president at last.

Now, domestic performance — especially, bargaining with Congress — is the chief measure by which Washington, if not the country at large, sizes a president. This is a particularly appropriate standard to apply to President Carter, who came to the White House at a relatively tranquil international moment, determined to apply himself first at home.

Mr. Carter nonetheless was quick to accept a number of high-risk foreign-policy challenges. In the Panama Canal Treaties, the Mideast arms vote and the Turkish arms embargo, he rejected counsels of political caution and acted according to what he (and we) felt were necessary international lights. He won on each of those issues, the demonstration of purpose and success more than compensating for the bruises. And from the highest-risk foreign venture of all, Camp David, he has emerged with a stunning personal triumph that enhanced his stature precisely as he turned back to his domestic program as the 95th Congress was counting down.

Already, to be sure, Mr. Carter had begun

to receive the considerable political benefits flowing from the public mood associated with Proposition 13 — the desire to curb public spending, the growth of government and inflation. He harnessed that mood to sustain key vetoes and cut other measures back.

But Mr. Carter has done more than flow with the tide. In his approach to his own staff, the press and public, as well as the legislature, he has adopted many of the tactics by which presidents traditionally seek to blend their individual vision of government with the cluttered collective vision of the Congress. He has also stopped demanding that Congress overhaul just about every major social program simultaneously. It is not, however, that he has caved in entirely to the "old" politics. What ostensibly savvy politician would, for instance, have vetoed a public works bill or undertaken a serious civil-service reform? It was in his own way that he finally came to terms with the 95th Congress. That augurs well, we might add, for his relationship with the 96th.

From the point of view of the national interest, the results in legislation were more than good. Arguably, the country has a better grip — if not yet a satisfactory grip — on those of its problems amenable to the legislative process that it did a few years ago.

From the point of view of the president, the results may have been even better. Mr. Carter fought effectively enough, and carried enough of his program, to put down the earlier widespread questioning of his presidential "competence." The political benefits to himself and his party are obvious. But he did more: His strong finish makes it possible, for the first time at least since Lyndon Johnson's political heyday, to imagine that the U.S. system can enjoy the crucial element of a strong president. Heaven knows that's not all the U.S. system needs. It needs a more focused Congress, a more responsible party system. . . one could go on. President Carter, though, is on the way to making his own contribution. It could be substantial.

THE WASHINGTON POST.

## A Pole as Pope

We marvel once again at the capacity of the Roman Catholic Church to turn a political act into a great symbolic drama, to find renewal in a ritual of election that leaves other bodies divided and to turn for leadership to that rarest of species, the philosopher-politician.

Cardinal Karol Wojtyla, who grew up in Nazi-occupied Poland to become the archbishop of Cracow in a Communist-run society, personifies a time of defiance and of accommodation. The defiance has been spiritual, the accommodation physical, and the result has been the remarkable endurance of Catholicism as a vigorous religion and political movement in Eastern Europe. When the church chooses a leader of that movement to be its pope, it is celebrating the triumph of the faith against a historic challenge. Simultaneously it is surely challenging the nonbelieving Marxists throughout Catholic Europe to make their accommodations with the church. No one can know what the new Pope will come to think about birth control, women priests, abortion and the other social issues pressing in upon the old dogma. As a philosopher concerned with family affairs, he seems to have been a theological conservative. His formula for conserving the power of

the church in Poland, however, has been to make it not the enemy of Caesar but rather the people's spiritual representative to a repressive authority. The same approach could give the church a new mission in many nations against both physical and ideological challenges.

For over four centuries the popes have been Italians, and until a decade ago they hardly ever ventured outside of Rome. Suddenly there is a Pope who speaks not merely Latin and Italian but also Polish, English, French and German. Suddenly, therefore, the church's internationalism is no longer just an administrative fact but a political reality.

Given his age, which is 58, the chance of a long reign and the existence of the jet plane, John Paul II will almost surely practice his remarkable diplomacy on many continents, seeking to promote his faith by identifying it with the aspirations of Catholic peoples. We suspect that the cause of human rights in many places has gained an influential new champion. And we hope that the same can be said soon, too, for the cause of liberal values.

THE NEW YORK TIMES.

## International Opinion

### Election of New Pope

Little is known at this time about the person of the new Pope. His taking of the name of John Paul II would seem to indicate not merely a conservative bent of mind, but a desire to follow in the footsteps of his immediate predecessor as a pastoral rather than an imperial type of pope.

It would, however, be less than honest not to concede that, for most Jews, the sight of a Polish pope is apt to inspire some misgiving. The record of relationship between the Polish Catholic Church and Polish Jewry includes some memorably dark chapters. The clerical tolerance, even encouragement, of anti-Semitism towards Jews returning to Poland after the Holocaust still sends a shudder through the spine of many a survivor.

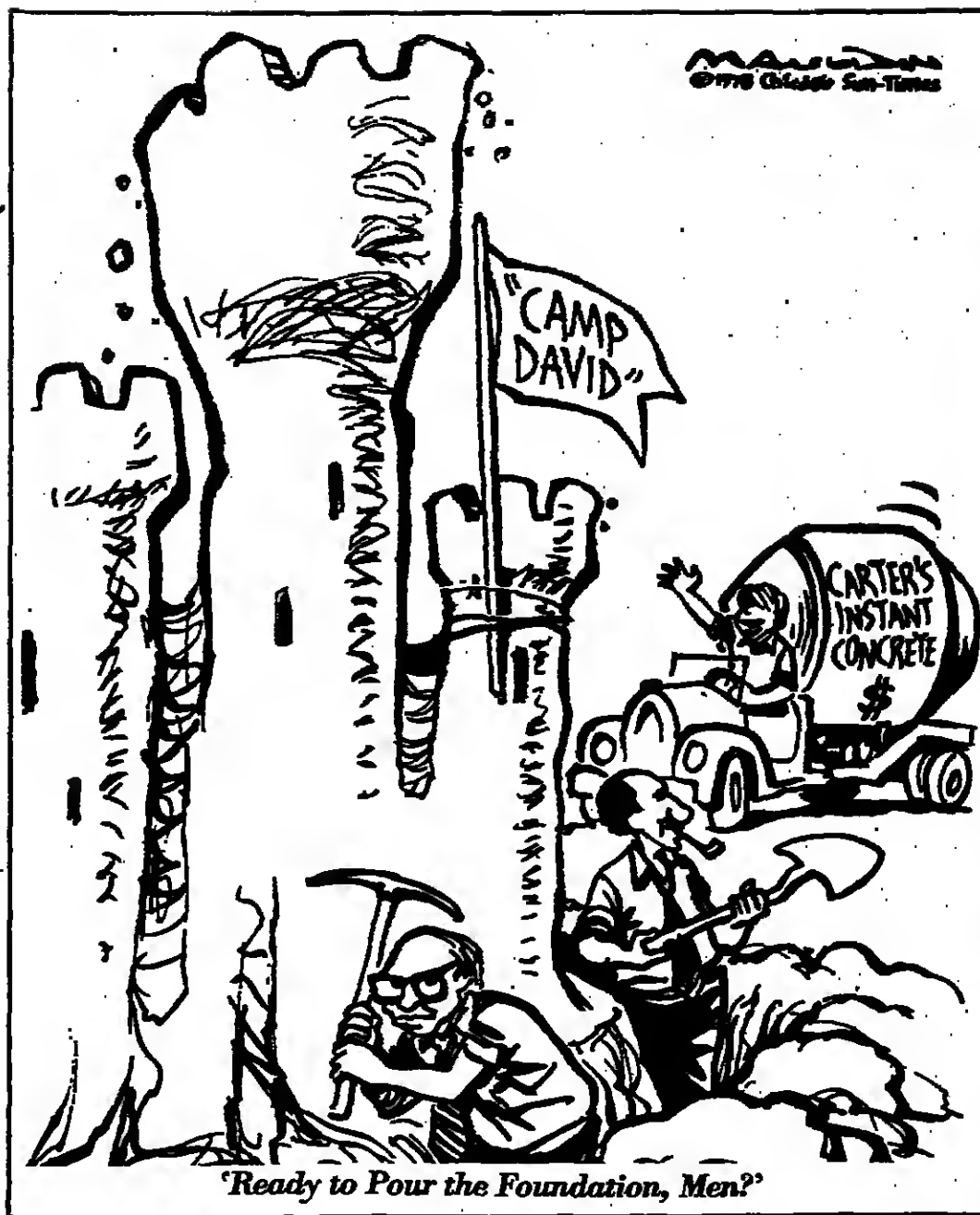
### In the International Edition

Seventy-Five Years Ago  
October 19, 1903

LONDON — The great Polish pianist Paderewski has lost his fortune. For some years past, he has been saving the large sums he has received from his pianoforte recitals, and when the amount totalled nearly \$500,000, as it did in the autumn of last year, he invested it, on the advice of a Polish friend, Mr. Paderewski has now learned that this fortune is practically lost, and, instead of retiring from public life, as he had intended, he is obliged to start his recital works again. Paderewski's concert audience will be delighted at the bad news.

Fifty Years Ago  
October 19, 1928

LAKE PLACID, N.Y. — Talking pictures are not as dangerous as once feared. A new device has been discovered which will allow prominent screen actors with poor voices to make pictures that can be vocalized later by experienced stage players. Many movie stars whom it was thought would lose their jobs through poor talking voices or foreign accents will gladly use these voice doubles, or "dubs." As another benefit of this technique, Hollywood will no longer be limited to English-speaking countries as the export market for its new talking pictures.



## Reformation in the West?

By James Reston

WASHINGTON — Something new and important is happening in the free nations. After many years of self-doubt and intellectual and spiritual retreat, they are beginning to defend their ideals and carry them into the world with a new confidence.

The election of a Polish pope is only the latest and most dramatic symbol of this change. It asserts the universality of the Church of Rome. It denies the right of the political state to dictate the spiritual life of the individual, and it insists on speaking to all the peoples of the world, not as isolated communities, but as members of the human family.

Pope John II put before the Roman Catholic Church a fundamental question that confronts all institutions in all parts of the world, material as well as spiritual. Are they relevant to the problems of the rising generation and the coming age? Are they speaking in ancient tongues to a narrow and dwindling congregation, or looking beyond the present struggles to a different, wider and more hopeful world?

A generation or so ago it was the Western nations and their institutions that were defending the status quo while the Communist nations were demanding change. But now all this is quite different.

There is still a clash in the West between the isolationists and protectionists on the one hand and the internationalists with their multinational corporations and their hopes of a world economy on the other. But the main thing is that the free nations and their institutions are adjusting, even if slowly, to the changes of the modern world faster than anybody else.

It is not Moscow or Peking but Washington that is trying to bring about a reconciliation between the Arabs and the Israelis in the Middle East, or between the blacks and whites in sub-Saharan Africa.

It is not Moscow or Peking but Washington, London, Paris, Bonn and the other Western capitals that are worrying about the controls of population, nuclear weapons and nuclear wastes, industrial pollution, and international anarchy on the airways of the world.

The West doesn't quite know what to do about all this, but at least it is not looking for long for new directions. It is yearning for a different future world and the decision in Rome to choose a Polish pope — the first one-Italian in 455 years — illustrates the point.

The interpretation in Washington of the selection of the Polish Cardinal Karol Wojtyla as pope is as follows:

• He appealed to the electors in Rome in three different ways. The curia was divided between two Italian candidates but couldn't decide between them.

• Karol Wojtyla appealed to the conservatives because he is a tough anti-Communist, who was feared by the Communist regime in Warsaw even more than Cardinal Stefan Wyszyński.

• Second, he appealed to the liberal elements in the curia because he is a social liberal. Not on such things as abortion, but on other social issues — personal justice, wages, work rules, profits, the role of people in modern industrial society, and the place of the church as a vital personal concern in a secular state.

• Third, he appealed to all the electors in Rome because of his combination of intellectual and human qualities — he was, for example, one of those who Pope Paul VI asked to speak to all of the different cardinals at the Vatican-2 conference on the subject of theology, where he made a significant impression.

In short, the new Pope can speak not only in the languages of East-

ern Europe but in the languages of the West, and with some understanding of the tangles of East-West politics and the doubts and yearnings of the young generation.

What is particularly interesting about the decision of the Roman Catholic Church in the selection of a Polish pope is that it has turned to the one place that has kept the faith under more difficult circumstances and remains a living reality, more than any other.

"The interesting thing," one official remarked here, "is that, under the Communists in Poland, the people seemed to realize that the stress of materialism requires the need for spiritual help."

"Look at Latin America, a Catholic continent. They don't even produce the priests they need. They

## OPEC Shifts Policy

By Jonathan Power

LONDON — OPEC is going into debt. New figures released by the Bank for International Settlements in Basle tell us that the fat cats are overextended and overdrawn. What does it mean for the largest of the Organization of Petroleum Exporting Countries?

Are the Third World countries going to end up continuing to pay out for higher oil prices but with less OPEC aid to help them over the hump? Is OPEC going to be so preoccupied with its own internal financial management that it has less time to help its poorer brethren scattered around the southern hemisphere?

The answer to these questions is yes.

But the questions raise a bigger question — why has no Third World country apart from Cuba and Tanzania raised any dust? OPEC's commitment to No. 1, although now more pronounced, is no new thing. It is five years since oil prices were quadrupled. In each of those years, the Third World has had to shell out to OPEC an extra \$11 billion it doesn't have.

Much of the reason for the passivity is Third World's reflected hostility to the West. The fact that the West has been hurt by OPEC puts OPEC on the side of the angels. It is also because of some adroit footwork carried on by OPEC spokesmen. One of them is Ibrahim Shihata, the shrewd Egyptian director general of the OPEC special fund. His explanation has a certain conviction: OPEC countries occupy the top six ranks among all oil producers. Qatar gives away 15 percent of its GNP, the United Arab Republic, 12 percent and Saudi Arabia, over 7 percent. Compare this, he says, with a Western average of 31 percent and a U.S. budget of 22 percent.

But when asked what all this means, when set against the added annual burden of \$11 billion which developing countries have had to fork out for their oil since 1973, he replied: "Did the West compensate the Third World when the price of food grain went up nearly as much as oil prices in 1974 and 1975? Does the Third World get compensated for the increasing prices of its manufactured imports from the West? There is no case for seeking to compensate buyers for every significant price rise."

He concludes by suggesting that OPEC may now be giving as much as it takes since oil prices in real terms have been falling the last couple of years.

Not only have OPEC spokesmen built up an apparently convincing intellectual case, they have been adept at defusing potentially difficult situations. In March of last year, the first joint summit conference of government leaders from black Africa and the Arab world

import them from Poland and the United States.

Even so, there is a kind of pulling together in the free world — a realization that there is a new kind of warfare of ideas between the Western and the Communist nations — and a new willingness in the West to face the competition between Western democracy and Eastern Communism as alternative ways of dealing with the inevitable struggles and changes of the last quarter of the century.

All this is emerging in vague and subtle ways, but when the Church of Rome goes to Poland for a pope, forgetting over 400 years of tradition, it is clear that something new or maybe something very old is happening, and that the West is beginning to regain a sense of confidence.

## A Critical Test For SALT Treaty

By William Beecher

MOSCOW, Oct. 18 — The latest Soviet strategic arms limitation proposal closely resembles a plan the Russians rejected shortly after the Carter administration came to office, diplomatic sources say.

One of the two plans which Secretary of State Cyrus Vance brought here at the behest of the new president in March of last year would have left the Soviet Backfire bomber and the U.S. Cruise missile unconstrained, wrapping up less controversial issues in a modest SALT treaty.

The new Soviet position, recently advanced in Washington by Soviet Foreign Minister Andrei Gromyko, dropped Soviet insistence on range limitations on the U.S. air-launched Cruise missile and urged acceptance of its contention that the Backfire bomber was neither designed for nor had the capability for attacks against the United States and thus should escape limitations in the new pact.

### New Effort

Arguments over these and related issues will confront Mr. Vance and Mr. Gromyko this weekend when they make yet another effort to compromise differences in the interests of both a new treaty, and quite possibly, a warmer chapter in the relations between the two nations.

If they are successful, an agreement in principle will be achieved that can be wrapped up at a summit in early December between Presidents Carter and Leonid Brezhnev.

If they fail, and some U.S. officials say the odds are 50-50, further negotiations will proceed with an aim of completing a draft treaty early next year.

To the layman, it might seem that both sides have become tangled in arguments about the possibility of having a little to do with the balance of power, but that would miss the point.

Take, for instance, the debate over Cruise missiles. Since from the first the U.S. conceded that air-launched Cruise missiles were intended for use against targets in the Soviet Union, it was never a question of whether they should be covered by treaty limitations, but how.

### Limits

By removing their insistence on a 1,550-mile limit on the air-launched version of the very accurate, pilotless weapon, the Russians have overcome the major objection of the U.S. Defense Department that the range was inadequate to penetrate Soviet air defenses and cover all its principal targets.

But the Russians have coupled this negotiating generosity with insistence that throughout the seven-year life of the treaty, ground-and-sea launched Cruise missiles could have a range no greater than 370 miles.

If the United States accepted that proposition, it would cause a major rift in the Atlantic alliance. For West Germany, Britain, France and other NATO nations say they need something to counter the hundreds of medium-range SS-20 missiles and Backfire bombers being deployed in positions where they could quickly devastate airfields, shipyards, arms depots and other critical military targets throughout western Europe.

They look to the Cruise missile as potentially a very effective answer to the growing Soviet threat. But weapons with less than 1,000-mile range would be totally inadequate to pose a meaningful counterthreat, they say.

### Erased

The Carter administration is in the throes of a government-wide debate on what weapon to develop for that mission. It has already concluded that the nuclear-armed tactical bombers in Europe are no longer viable — they could be destroyed on the ground at the outset of war. As one top official confided recently: "Every NATO airfield in Europe would be destroyed within 10 minutes by the SS-20."

The two principal contenders for that mission today are a mobile, ground-launched Cruise missile or a mobile medium-range ballistic missile. Congress recently modified the administration's defense budget to direct work on a mobile ballistic missile. There has even been some talk of removing one of the three stages from the Minuteman ICBM and having it serve as a European-based mobile missile.

But a ballistic missile in Europe with such range would be regarded by the Soviets as provocative, in that it could make a disarming first strike and couldn't be defended. Cruise missiles, being slower, couldn't be shot down, except with difficulty. Being a lot cheaper, however, thousands of Cruise missiles could be bought and spread around.

Partly to keep this option open,

U.S. SALT negotiators have said they will accept the Soviet range limitation on the weapon only in the two-to-three year period of the protocol to the treaty, not in 1985. That would permit a decision to build and deploy the weapon in Europe in the early 1980s.

### Fussy

Thus, rather than an issue they will accept the Soviet range limitation on the weapon only in the two-to-three year period of the protocol to the treaty, not in 1985. That would permit a decision to build and deploy the weapon in Europe in the early 1980s.

France thinks so much of the potential of the weapon, and so little of U.S. resolve in SALT, that it is informed Washington it is moving ahead independently to design and build its own Cruise missile.

Another Cruise missile issue, concern to NATO is whether weapons with nuclear warheads only are constrained. Since SALT is supposed to deal only with strategic nuclear weapons, the United States argues that Cruise missiles with high explosive warheads not be limited. The system is of such pinpoint accuracy that it could be used to knock out key bridges, railroads, hubs and airfields. But the Russians say that since all Cruise missiles look alike, they have to be considered nuclear, and constrained.

Finally, how to count the long range bombers — carrying air-launched Cruise weapons? Washington has long since agreed that any bomber armed with the weapon will count as if it were a single multiple warhead ICBM under a ceiling for such weapons.

### Role of B-52s

The B-52 bomber can carry about 20 Cruise missiles. But the United States has been studying the possibility of using a wide-bodied jet, such as the 747, which could carry about 60 missiles.

The Russians contend that multiples of 20 are okay, but should count for more. A plane with missiles should make the place three multiple warhead ICBMs, they say. The United States says doesn't plan to bring in bigger missile planes until toward the end of the treaty period and would prefer to be allowed to average the number of Cruise missiles among smaller and larger carriers. Each 35 missiles counting as if it were one ICBM.

The Backfire bomber is an asset as important for its political impact on ratifying the SALT-2 treaty. The Senate as on strategic ground. In a very sensitive undertaking, it Russians produced a flight profile of the plane insisting its range is greater than 2,300 miles. All elements of the U.S. intelligence community are agreed the unrefueled range is at least 5,000 miles, with much payload as both bombers, B-2 and the Bison, which the Russians agree are strategic.

The Russians say the Backfire designed for use in the Chinese air defense network, as well as medium-range nuclear strike aircraft. They accuse the United States of making such a big issue in order, deviously, to protect the interests of China and West Germany.

### Soviet Protest

The Russians, however, have protested the notion by the United States that it has the right under the new treaty to deploy a missile shell game, shuffling 200-300 ICBMs randomly among thousands of extra silo-like holes. That would be designed to protect the Minuteman missile force against the increasingly accurate and numerous new Soviet warheads.

President Carter, in a recent press conference, expressed his own doubts about the shell game approach and said he would choose mobile basing scheme before the end of the year. Other options include ICBMs aboard wide-bodied jets, or on ground launch vehicles that could move out of danger of warning of an impending attack, or new missiles in small submarines deployed along the U.S. continental shelf.

The United States takes the position that since the shell game is not specifically prohibited by the treaty, so long as a scheme could be developed to permit verification that it was not deploying more missiles than allowed, it has grounds to proceed.

Soviet leaders have made clear their belief that SALT is the cornerstone of the U.S.-Soviet relationship. They believe that if a new treaty can be concluded, and ratified, it will open the way to improve relations with Washington after a summer of acrimony that has threatened to destroy détente. Many administration officials agree. That is what renders this weekend's negotiations so important and a test for both sides.

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## Arms Not Possible Before '90s

### Brazil's Nuclear Program Is Far Behind Schedule

By Milton R. Benjamin

RIO DE JANEIRO, Oct. 18 (UPI) — Three years after Brazil included an agreement to obtain sensitive nuclear technology from West Germany, the government's ambitious atomic power program is lagging far behind schedule. As a side question to the main effort to build a nuclear weapons potential until at least the 1990s.

Some Brazilian scientists feel that the aspects of the West German deal that have most concerned the Carter administration — the reprocessing plant to help Brazil construct uranium-enrichment and fuel-reprocessing plants that could produce materials suitable for use in a nuclear weapons program — are less and less immediate concerns.

"I think these parts of the deal will sort of fade into the horizon," said Jose Goldemberg, president of the Brazilian Society of Physicists. "The uranium-enrichment process, which West Germany agreed to share with Brazil, has never been tested more than a laboratory scale. Plans now call for it to be tested in a larger model in 1981, but even then that model will not be able to produce enriched uranium."

Even if the technique appears to be feasible on an industrial scale — as it is in the opinion of non-Brazilian scientists who have followed the West German program — construction of even the small enrichment plant currently envisaged by Brazil would not be completed until at least the late 1980s.

At best, Brazil may be able to

produce uranium of low enrichment suitable for use in a nuclear power plant by 1989. Production of weapons-grade uranium would not be possible before the 1990s.

The reprocessing plant that West Germany promised to help Brazil build, moreover, appears to be a far less immediate worry concerning proliferation than was originally feared.

Construction is not expected to start until 1985. Officials also say the Brazilian plant will be of laboratory size, designed not to produce any significant amounts of plutonium, which can be used in nuclear weapons, but rather to let Brazilian scientists begin learning reprocessing technology.

The key to West German aid in helping Brazil build both enrichment and reprocessing plants appears to lie in Brazil's willingness to move ahead with purchase of eight nuclear power reactors that were scheduled under the original agreement to be completed by 1990. For Bonn, the advanced technology was only the sweetener to land a huge reactor sale.

But three years after the announcement of the West German-Brazilian agreement, only two of the eight reactors are under construction. Construction work on them is already two years behind schedule, and no date has been set for signing any additional contracts.

Since the price of the reactors is calculated in Deutsche marks, cost of the total package has almost doubled since 1975 to an estimated \$12 billion.

"The program is becoming very expensive for us," a high-ranking Brazilian official said.

The atmosphere has also been soured by recent charges here and in West Germany of corruption in the Brazilian nuclear program and of shoddy construction work in sinking the concrete pilings that will support the first nuclear reactor.

#### Inquiry Begins

The allegations finally prodded a Brazilian congressional committee into opening a public inquiry last week.

Top officials within the power industry here are also jittery about how Gen. Joao Baptista Figueiredo, who has been chosen to be the next president of Brazil, feels about nuclear energy. Many observers believe that he may decide to cut back the country's nuclear program.

West German officials have hinted that such a development might cause Bonn in turn to drag its heels in helping Brazil acquire the coveted enrichment and reprocessing technology.

Brazil's minister of mines and energy, Shigeaki Ueki, insisted that Brazil intends to press ahead with the purchase of all eight reactors.

"Really, we need nuclear energy," Mr. Ueki said. "And we must have all the technology of the fuel cycle, from the concentration of uranium up through reprocessing."

Mr. Ueki conceded that the West German deal "may be slowed, extended for two or three years" to 1992 or 1993. But, he said, "we're not changing our program. Our nuclear program is very realistic."

A foreign observer, however, was less optimistic. "The nuclear program that they have embarked on is really beyond them," he said. "They do not have the industrial infrastructure which is necessary to accommodate this vast development in an orderly, logical way."

If Brazil has four of its West German power plants operating by 1990, he added, it will be a miracle.

### U.S. Reports Crime Dropped By 3% in 1977

WASHINGTON, Oct. 18 (AP) — Crime in the United States dropped by 3 percent overall last year, although violent crime increased, the Justice Department said.

FBI statistics released by the department yesterday showed that 10,925,800 reported offenses last year, down from 11,304,800 in 1976. Preliminary figures reported earlier by the FBI had put the decrease at 4 percent.

The overall drop has continued this year, declining by 2 percent during the first six months of the year, the agency said.

The FBI statistics — based on local police reports — show property crimes falling by 4 percent but violent crimes increasing by 2 percent.

The biggest decreases were 6 percent for theft and 4 percent for robbery, while the largest increases were 11 percent for rape and 6 percent for aggravated assault.

Reported crimes have increased about 25 percent since 1973, including a 27 percent rise in property crimes and 15 percent in violent crimes, the FBI said.

### Kennedy Asks Carter To Veto Tax Cut Bill

WASHINGTON, Oct. 18 (UPI) — Sen. Edward Kennedy, D-Mass., urged President Carter today to veto the \$18.7 billion tax cut bill. He called it the worst such legislation since the days of Calvin Coolidge.

Sen. Kennedy said that the legislation would mean a net tax increase of \$744 million for almost half the taxpayers in the \$10,000-\$50,000-a-year class and a net decrease of \$1.6 billion for 1.4 percent of taxpayers with incomes of more than \$50,000.



WARRIORS OF NIKKO — Residents of Nikko, Japan, dressed in traditional garb of samurai warriors, parade through town in memory of Iyeyasu Tokugawa, who was the founder of a powerful ruling family. He is buried at the city's historic shrine, called Toshogu Shinto Shrine.

### 2 Men Charged in Snake Attack

LOS ANGELES, Oct. 18 (UPI) — Assault and conspiracy charges were filed yesterday against two men accused of placing a rattlesnake in the mailbox of an attorney.

The two men, Lance Kenton, 20, and Joseph Musico, 28, were charged with one count each of conspiracy to commit murder, conspiracy to commit assault and assault with a deadly weapon.

Mr. Musico, held in jail in lieu of \$50,000 bail, pleaded not guilty at his arraignment yesterday and was

ordered to return to court for a preliminary hearing Nov. 28.

Mr. Kenton, son of handloader Stan Kenton, was released earlier on \$25,000 bail and will appear next Friday.

Attorney Paul Morantz has been involved in several court cases with a drug rehabilitation group called Synanon and recently won a \$300,000 lawsuit against the organization with which his two alleged assailants are linked. He was bitten on the hand and seriously injured when he reached for his mail a week ago.

By Flora Lewis

PARIS, Oct. 18 (NYT) — France is negotiating a deal with Peking to sell an arms package worth \$350 million, including 15,000 anti-tank and anti-air missiles, some helicopters and a licensing arrangement under which the Chinese could produce more missiles, according to French and Chinese sources. The contract is expected to be completed and signed this year.

Officially, the French policy on weapons sales to China is that only defensive arms can be delivered, not those with offensive capabilities. The French government also says that it is not interested in selling small quantities of equipment which can be copied, or in licensing deals without substantial orders for manufacture in France.

Coom, the allied coordinating agency for sales to Communist countries, has not taken a position on military goods for China, but there have been hints in Paris that France does not intend to subordinate its decisions to the agency's stand. Unofficial French sources are convinced that the Chinese will test out the "defense equipment only" policy gradually, increasing the level of their purchase requests as France gets involved in their market.

Official sources have said that there is no effort to coordinate French arms sales to China with those of other European countries, such as Britain, West Germany and Italy, where the Chinese have also shown interest in acquiring military equipment. Information is exchanged, officials said, but competition is the rule.

#### Discreet Approval

The French believe that the United States is taking a stand of discreet approval of these sales, and those Japan may make, although it is not itself entering the competition because of relations with Taiwan and possible domestic political rows over that issue.

Some of the sales under discussion would be hard to define as strictly defensive, such as Britain's sale of Rolls-Royce jet engines for China's MIG-21s, and efforts to sell its vertical takeoff and landing Harrier planes. The Chinese were said to be especially interested in the Harrier

### Package Worth \$350 Million

## France Negotiating Arms Sales to China

because, not needing airports, it could be deployed along the Chinese-Soviet border and easily concealed.

However, U.S. officials at the North Atlantic Treaty Organization have expressed concern about possible French technical assistance for the Chinese space effort. The Chinese have shown interest in French rocket propulsion technology, gyroscopes and computers for guided missiles. According to the sources, there have been talks about the Chinese purchase of the French Iris-60 space computer.

One firm French policy on sales to China, however, is to demand safeguards against competition from "made-in-China" versions of French arms in Third World markets — in Africa, the Middle East and Latin America. The French consider their position in these areas particularly good because they are considered somewhat independent of the superpowers. China could make the same claim if it wanted to get into the weapons export business.

The Chinese are determined to launch a crash program to modernize their armed forces to meet what they consider the massive Soviet conventional arms threat. However,

they have proceeded methodically, according to the French sources, carefully analyzing the Soviet capacity for its strengths and weaknesses. The experiences of the Vietnam War and the 1973 Arab-Israeli war were said to be their major tests.

#### Wide Variety

The French sources said that the Chinese obtained a wide variety of Soviet equipment for study from the Vietnamese, before the recent dispute broke out between Hanoi and Peking. The Chinese were also said to have received a few Soviet MIGs, including the MIG-23, from Egypt for the same purpose.

On the basis of these studies, the Chinese decided on anti-tank and anti-air missile purchases. They have chosen the French Milan, a portable anti-tank missile which Lebanese Christians said the Syrians were using against them in Beirut, and the armor-mounted HOT anti-tank missile. In the anti-air category, the Chinese plan to buy the French Crotale.

They were interested in the Roland anti-air missile, but Boeing has bought a license and is to produce several thousand of them for the U.S. Army. Washington let the

French know that, as a major customer, it would not like China being able to acquire the same weapon that it is buying, so Peking was told that it would have to take the Crotale, the sources said.

The Russians have warned the French against "arming China for war," but officials said there has been no direct Soviet intervention in connection with the deals. But the French are acutely aware of possible Soviet reactions if they go to a point which Moscow might consider too far.

Therefore, Paris has not as yet been receptive to Chinese inquiries about the purchase of sophisticated Mirage F-1 and Mirage 2000 planes, not easily qualified as purely defensive.

Civilian goods are also implicitly involved in the Chinese arms purchase plans. These would include electronic components which China is discussing with Japan, and wide-bodied, medium-range Airbus transport planes.

Rolls-Royce is negotiating a license deal with China for its RB-211 heavy jet engine, which can be mounted on Airbus. France hopes the sale will be made so it can then sell the air frames of the European co-produced plane.

## High-Level Purge Is Reported in China

By Linda Mathews

HONG KONG, Oct. 18 — A general housecleaning in the highest ranks of the Chinese Communist Party has already swept aside three powerful provincial leaders and may have shaken up China's military command as well.

Informed diplomatic sources in Peking said yesterday that Chen Hsi-lien, a key Communist military strategist for nearly 50 years, has been dismissed as commander of the Peking Military Region and will soon be expelled from the 23-man Politburo that governs China.

Mr. Chen's dismissal, coming immediately after the ouster of party chiefs in Peking, Liaoning and Inner Mongolia, apparently stems from a campaign to eradicate high-level resistance to the pragmatic, profit-oriented policies of the Communist party vice chairman, Teng Hsiao-ping, the guiding force behind China's current modernization drive.

An element of revenge may also be involved. Both Mr. Chen and Wu Teh, who lost his job as mayor of Peking last week, helped engineer Mr. Teng's own political downfall in April, 1976, and eliminated any chance he ever had to succeed Mao Tse-tung as chairman of the Communist Party.

Mr. Teng was blamed by Mr. Chen and Mr. Wu for a violent demonstration in Peking's Tiananmen Square. They led the public denunciations of Mr. Teng and reportedly tried to block his return to power after Mao's death in September, 1976. Perhaps because of such activities, Mr. Teng was not rehabilitated until mid-1977 and was shut out of the post-Mao succession struggle.

Among China-watchers, it had been widely assumed that Mr. Teng

would eventually move against his old antagonists. The fact that Mr. Wu and Mr. Chen managed to cling to their offices so long indicates that they had powerful supporters within the leadership, probably Chairman Hua Kuo-feng and Vice Chairman Yeh Chien-ying, both of whom outranked Mr. Teng.

Now that Mr. Teng apparently has finally had his way, questions are bound to be raised about Mr. Hua's hold on the reins of power. If Mr. Hua, who serves as premier as well as party chairman, could not save two of his allies on the Politburo, then that may mean that the real authority in China rests with Mr. Teng.

It is possible, of course, that Chairman Hua finally realized that Mr. Wu and Mr. Chen had become political liabilities for himself and consented to their replacement.

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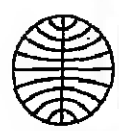
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### Breast-Feeding Is Backed by U.S. Health Unit

EVANSTON, Ill., Oct. 18 (UPI) — Virtually all newborn infants should be breast-fed, the American Academy of Pediatrics said yesterday.

The academy recommended breast-feeding for all newborn infants unless the child or mother has some specific physical condition making it impossible.

The statement was made in a report by the group's committee on nutrition in this month's issue of the organization's journal, Pediatrics. The report also recommended that employers offer facilities in day-care centers so that working mothers can breast-feed their infants during work and that hospital maternity units be modified so that mothers can breast-feed their children from the moment of birth.

The academy said the report was partly intended to discourage increased use of artificial formulas in poor countries. Dr. Jean Lockhart, director of the academy's health service and government affairs department, said the committee's stand was prompted by findings from United Nations health officials.

### U.S. Is Warned Of New Storms

BOSTON, Oct. 18 (UPI) — Federal authorities warned Americans yesterday that they should be prepared for another series of harsh winter storms this year.

William Wilcox, administrator of the Federal Disaster Assistance Administration, said that the storms could be as severe as those last winter, which left more than 100 persons dead and cost \$303 million in federal assistance.

"It was the worst winter on record from the standpoint of federal expenditures, but that does not mean we are safe from a repeat this winter," Mr. Wilcox said.

### Radioactive Gas Leaks in U.S. Plant

IDAHO FALLS, Idaho, Oct. 18 (UPI) — Leaking radioactive gas forced evacuation of 50 workers at the Idaho National Engineering Laboratory's chemical processing plant last night.

Laboratory spokesman Dick Blackledge said that only a small amount of gas leaked out and that no persons were exposed to radioactivity.

### Conditions Seen Worse in Mines Of South Africa

GENEVA, Oct. 18 (AP) — Despite mounting international criticism, working conditions for black gold miners in South Africa have worsened over the last year, the International Labor Organization said in a report published today.

Particularly vulnerable are the country's migrant gold mine workers who, the report said, live in "prison-like conditions."

"The gold miners are subject to almost unbearable conditions of confinement, heat, noise and dust," it said.

The report pointed out that between September, 1973, and March, 1975, 132 workers lost their lives and at least 500 were seriously injured in the mines. "In addition to risks of death or permanent injury, hundreds of thousands of black laborers contract lung diseases," it added.

It said that about 419,000 blacks were employed in the gold mines last year, 50 percent of whom were officially classified as foreigners or migrant laborers.

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## DANCE

## 'Queen of Spades' Deals a Bad Hand

By David Stevens

PARIS, Oct. 18 (IHT) — The idea of Mikhail Baryshnikov in a new ballet based on a story by the inextinguishable Pushkin was enough to push expectations to a fever pitch at last night's official opening of the 16th Paris International Dance Festival at the Theatre des Champs-Élysées.

As things turned out, the let-down was correspondingly great, for despite heroic efforts from the magnificent Russian dancer and worthy efforts from his colleagues, Roland Petit's "The Queen of Spades" collapsed like a house of cards, undermined by unsuitable

music and by choreography of almost unrelieved triteness.

The Pushkin novelette, and the romantic opera that Tchaikovsky made of it, tell of an old Russian countess, called the "Queen of Spades" because of her addiction to gambling as a young beauty in Paris. She supposedly possesses a secret of three cards infallible for winning at faro. This obsesses a moody young officer, Herman, who frightens the old woman to death trying to learn her secret. Her ghost gives the secret to the by-now demented Herman, who plays the cards. But the final one is not a winner after all, but the queen of spades — revenge from beyond the grave.

## Story Changed

Tchaikovsky and his librettist brother changed the story in several important respects, turning Herman from a cynic into a romantic and making his love affair with Lisa, the countess' ward, a genuine romantic involvement instead of a

cold-blooded tactic to gain access to the countess.

The relevance of this to last night's proceedings is that Petit's ballet was "directly inspired" by Pushkin, not Tchaikovsky, and it seems — according to a recent interview — that he originally intended to use an unknown Prokofiev score that turned out to be unavailable.

So instead he used music from Tchaikovsky's operatic score, so rich in romantic associations but utterly at odds with Pushkin. This was served up in an "opera without words" orchestration — famous arias with instruments taking the vocal part — a denatured product crude on its own terms and, to providing a shaky musical floor to dance on, a cruel joke on one of the greatest of ballet composers.

On paper, Petit's scenario looked effective — six scenes lasting a little more than an hour, reducing the story to its essentials, with some potentially effective balletic devices.

and concentrating on Herman's obsessive behavior. Baryshnikov's expressive face and infinitely responsive body would seem to have been ideal. He can brood and twitch a cape with the best of them, and he tossed off a succession of leaps, turns and character episodes with almost casual brilliance. But what he was given to do was the balletic equivalent of rhetoric rather than expressiveness.

With Lisa reduced from her Tchaikovskyian status, the old countess became the other central character. She was effectively danced by Jacqueline Rayet, who sought to convey great age with movements of arthritic angularity. She was given some quite graceful things to do as she reminisced about her youth in Paris, and a realistically effective death scene that included being lifted by the neck. Evelyn Desutter was a pale but fluid Lisa, touching in her two pas de deux with the calculating Herman.

The capacity audience had cheers for Baryshnikov and the other dancers, but greeted Petit with a chorus of boos when he joined the curtain call.

Petit's "Theme and Variations," an "abstract" ballet for 10 dancers set to parts of Tchaikovsky's Trio in A minor, served as a curtain-raiser to fill out the evening, but little more. The plain-colored tights against a dark curtain focused the attention on the dancing, which was banal and repetitious — all theme and no variation.



Baryshnikov, Desutter, Rayet (on floor) in "Queen of Spades."

## Frankfurt Fair

## German Children's Books Held 'Racist'

By Gale Wiley

FRANKFURT, Oct. 18 (IHT) — Social scientists hired by organizers of the 30th Frankfurt International Book Fair have found German children's books of this last decade rampant with "racism and stereotypes."

The findings, based on a study of

about 700 German books dealing with Third World subjects, have special significance because this year's book fair has as its theme, "The Child and the Book."

Fair organizers hope the study's findings will make book publishers more sensitive to the needs of young readers.

Dr. Jorg Becker, the 32-year-old

author-researcher heading the study, says his team of anthropologists and historians studied German children's books dealing with Latin America, Asia, the Orient, Australia and Africa. "Most of them," he says, "contain stereotypes, distortions, and blatant discrimination."

As host of the largest book fair in the world — and touchily aware of the Nazi past — West Germany is sensitive to any charges of racism, especially in children's books.

Becker said in an interview that the United States and Britain were ahead of Germany in offering youngsters children more objective portraits of Third World countries.

Presenting factual images to children is simply more fruitful than trying to reach the closed minds of adults. Children's books are a powerful political force.

The fair opened today and will run through Oct. 23. It is the largest edition of the event since it began in 1948: it offers books from 5,089 publishers in 87 countries — about 278,000 titles in all.

In the past 30 years, thousands of book publishers from around the world have come to Frankfurt each fall to buy and sell foreign book rights, to check trends in the international marketplace, and to swap publishing gossip. But only in recent years have organizers given the fair a theme.

"We did that because the public demanded it and because of the 3,000 journalists that visit us each year," said Peter Wiedaas, book fair director.

## 'FBI'

But this year's theme has not been without problems.

When fair organizers approved publication of a student newspaper on fairgrounds as part of the "Child and the Book" theme, little did they expect a publication called, "FBI" (Frankfurt Book-Fair Information), which in its first edition would launch a blistering attack on none other than Wiedaas himself.

West Germany's Bild Zeitung attacked the theme as well, pointing out that the fair offered no special admission for children.

"One of the first things I did as fair director four years ago was to drop the general admission price from five deutsche marks to 2.5 marks for everyone," says Wiedaas. "So much for Bild Zeitung."

On the positive side of things, Wiedaas points out that UNESCO has dubbed 1979 as "The Year of the Child," and will offer a special exhibition called "Printed for Children" at its Paris headquarters next April 17-May 2.

Another plus, he notes, will be the appearance Sunday at the fair of Astrid Lindgren, Swedish author of young people's books. She will be awarded the 10,000-mark (about \$5,400) peace prize from the German Publishers and Bookmakers Association.

At a press conference before the fair's opening, a publisher demanded to know why several German book firms which print pro-Nazi literature were being allowed to exhibit their books.

"Because the fair is open to all publishers," said Rolf Keller, spokesman for the German book-makers association. "Our purpose is not to censor. Our purpose is to present the entire spectrum of the printed word to the reader. It is up to the reader what he will and will not read."

Gerard Saint-Amand, who seemed just short of swooning when he wrote:

O precious food! Delight of the mouth!  
Oh, much better than gold, master piece of Apollo!  
O flower of all the fruits! O ravishing melon.

It is not surprising that such a fusiveness sickened some. A dander arose in the person of the anonymous author of the 1671 "The Art of Fine Catering, a Curious and Very Gallant Work, Useful to All Persons of All Conditions." The melon, this work asserts, "is today the object of universal zeal." The stomach is stuffed with this pernicious food, which hides under the honey of a sugared flesh and agrees to poison. . . . You cannot eat a single meal into which it does not enter, is served in pyramids and mountains, as if it were necessary to it to the point of suffocation, as if everyone to the compass ought to eat a dozen. The liver assaulted at noon, in the morning at any time of day. . . . It refuels too subtly, moistens too much, turns bad too easily in a stomach."

## Kinds of Melons

Just what sort of melon may have enjoyed dear worship in Renaissance France is not clear, but may well have been *Cucumis melo var. cantalupensis*, the one most commonly eaten in the United States, though Americans often prefer to it as the cantaloupe, a term that taxonomists would reserve for *Cucumis melo var. cantalupensis* (The name remained open for adoption in the United States, for *C. m. var. cantalupensis* is not grown there commercially).

*Var. reticulatus* is called the netted melon (in French, the embossed melon) because most of its varieties bear the pattern of raised network, and the muskmelon or the nutmeg melon because of its aroma and the taste of its flesh, which ranges from light green to salmon-orange.

There is almost total agreement that the melon originated somewhere in the Middle East, probably Persia.

We first hear of it in the Sumerian epic of Gilgamesh, which tells that its hero ate "cassia melons, an ancient parallel to the name 'nutmeg melon,' for cassia is a sort of cinnamon.

The Greeks had melons at least by the 3d century B.C., and directions for growing it appeared in Roman manuals of the 3d century A.D. But rather than grow them, the Romans preferred to import them, from Armenia. They were, that epoch, only about the size of oranges.

With the collapse of the Roman Empire, the flow of melons from Asia Minor to Italy dried up, as the fruit disappeared from Europe. It is reported to have returned to Italy in the 14th century, still in an orange-sized version, which was shortly to be improved. But Charlemagne ordered it grown in his domains (unless this is a misstatement), which means about 800 A.D. He could have come across in Spain, where his armies penetrated, for it seems probable that the melon made its European re-appearance only in Italy but in Spain brought to Andalusia by the Moors early in the 8th century.

Despite Charlemagne's order, the melon does not seem to have taken hold in France, where its effective import seems to have carried on only in 1495 when the soldiers of Charles VIII returned from campaigning in Italy.

Navaho Indians

The first cultivators of melons in the United States may have been Navaho Indians, who seem to have started growing them about the middle of the 19th century, presumably they had come from Spain via Mexico.

The first official record of the arrival of melons in the United States dates from 1895, when the Netted Gem Melon, a muskmelon, was imported from France. Developed particularly in Colorado, this started the commercial melon-growing industry in the United States.

One states that the reference books will tell you is too far north for melons to be grown out of doors is Vermont, but I have done it. They were perfectly formed and very handsome, but I cannot testify on their flavor. There is not enough flesh to taste to a melon the size of a marble.

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**Japan Posts  
Big Surplus  
On Trade****Exports Surge 31%  
to Post-War Record**

TOKYO, Oct. 18 (AP-DJ) — Japan's trade and current account surpluses surged in September as exports rose 31 percent from a year earlier, the Finance Ministry reported today.

The current-account surplus, which includes merchandise trade and services such as banking and tourism, surged to \$1.9 billion from \$1.286 billion in August and \$1.142 billion a year earlier, the ministry said in a preliminary report.

The trade surplus alone rose to \$2.63 billion from \$1.987 billion in August and \$1.693 billion a year earlier. Free-on-board exports, at \$7.2 billion for the month, were up from \$7.89 billion in August and topped the previous \$8.65-billion record set in March. Gains in ship deliveries and machinery exports, mainly through Middle East contracts, added to the surge. Steel exports, which had declined recently, also recovered reflecting increased shipments to China and Southeast Asia, the ministry said.

FOB imports also rose sharply, however, to \$6.09 billion, the second highest on record and up 21 percent from a year earlier. Imports in August were \$5.908 billion. The rise followed a recovery of crude-oil imports to a normal level after a slowdown in July and August.

The overall payments balance in September was in surplus by \$450 million, up from a \$346-million surplus in August, but down from a revised \$511-million surplus a year earlier.

For the fiscal first half ended September, Japan's visible trade surplus was \$13.85 billion compared with \$8.57 billion a year earlier. The current-account surplus was \$9.73 billion compared with \$5.44 billion.

In yen terms, the September trade surplus rose to 500.2 billion yen from 374.5 billion yen in August and was up from 440 billion yen a year earlier. Exports fell 7 percent to 1.66 trillion yen while imports dropped 14 percent to 1.16 trillion yen.

The current-account surplus was 361.4 billion yen, up from a 242.4-billion-yen surplus in August and up from 305.1 billion yen in September, 1977.

**Dollar Ends Steady;  
Gold Hits \$229.25**

LONDON, Oct. 18 (AP-DJ) — The dollar finished little changed against most major currencies in active foreign exchange dealings today, supported partly by central bank intervention and speculation about possible West German measures to ease credit.

Gold, meanwhile, was fixed at a record high of \$229.25 an ounce in

**Syndicate Plans  
Floating Rate  
On Mexico Loan**

TOKYO, Oct. 18 (AP-DJ) — Mitsubishi Bank, along with 10 Western banks, has asked the Bank of Japan to approve an innovative yen-syndicate for Mexico in which the interest rate would float over the domestic-bill discount rate.

"It works in the same way that banks place spreads over Libor," says a Mitsubishi Bank spokesman. This funding structure, which is expected to be approved, would give Mexico some of the lowest-cost long-term money available in international markets today, Mitsubishi, the syndicate manager, is charging a spread of 1.25 percent over the current discount rate of 4.75 percent for the loan of 20 billion yen, (about \$109 million).

Mitsubishi Bank will provide half the 10-year loan, while the rest is to be allotted in one-billion-yen portions among the other 10. Sources say they include Chase Manhattan, Manufacturers Hanover, Banque de Paris et des Pays-Bas, Westdeutsche Landesbank, Deutsche Bank and National Westminster.

Though the Bank of Japan is thought to have reservations about the proposal, it is likely to approve the loan for diplomatic reasons. The syndication is part of a huge credit package to be offered to Mexico's President Jose Lopez Portillo during his state visit later this month.

[Meanwhile, Australia will receive a 40-billion-yen loan at a fixed interest of 7.1 percent redeemable over 10 years, including a six-year grace period, lead manager Long-Term Credit Bank of Japan said, Reuters reported. Australia is also negotiating with another syndicate led by Mitsubishi Trust & Banking for a 40-billion-yen, 20-year loan at 7.6 percent.]

London in the morning and at \$229 an ounce in the afternoon before easing to finish at \$227.75. Gold closed late yesterday at \$228.25 an ounce after a morning fixing of \$228, the previous record.

In early foreign exchange trading, the dollar bounced higher in contrast to the sharp declines seen during the prior three sessions. Later, however, "baiting" of dollars became apparent and the dollar's backslide was only checked by central bank support, dealers said.

The Bundesbank, for instance, purchased \$23.2 million at the Frankfurt fixing, when the dollar struck a new low of 1.83 Deutsche marks. Dealers noted an "absence of buyers" of dollars at the fixing except for the central bank. The Swiss National Bank and the Federal Reserve probably also supported the dollar, traders said.

The one news development that appeared to influence the market was the scheduling of a press conference tomorrow by the Bundesbank, which usually signals an imminent change in credit policy. Some analysts speculated that it will cut the minimum reserve requirement, thus increasing domestic liquidity, while others thought reserves would be increased to mop up the excessive liquidity resulting from recent foreign-exchange market support operations.

Several dealers expressed skepticism that a relaxation of credit would have any lasting effect on the mark's exchange rate. "You only have to look at the Swiss to see that lowering interest rates won't necessarily weaken a currency," one trader asserted.

The Bundesbank announcement did prompt some short-covering, but traders emphasized that the outlook for the dollar remains "bearish."

The mark was the center of attention today. The dollar finished at 1.8335 DM, compared with 1.8345 late yesterday and 1.83 DM at the fixing.

The dollar dipped 10 points to 1.5050 Swiss francs and 1.5 cents to 4.2125 French francs. It fell to a record low 2.0005 guilders before recouping partially to 2.0050, down from 2.0107 late yesterday.

Sterling was steady at \$1.9965 though it eased against the major European currencies amid concern over the U.K. labor situation.

**FINANCIAL NEWS AND NOTES****Chrysler Buys Mitsubishi Engines**

Chrysler has agreed to buy one million four-cylinder auto engines from its 50-percent-owned Mitsubishi Motors of Japan, over five years starting with the 1981 model-year. Officials decline to specify the dollar value of the agreement but auto analysts estimate it at some \$500 million. The order would spare Chrysler the expense of expanding its own production plants, conserving badly needed cash while giving it enough engines to stock its "down-sized" fleet in the 1980's. Still unclear is how Chrysler plans to deal with Volkswagen, which has a contract to supply Chrysler through 1981 with up to 300,000 four-cylinder engines a year. Chrysler also is gearing up its Trenton, Mich., plant to produce four-cylinder engines itself at the rate of 400,000 units a year starting in the 1981 model year and 800,000 a year thereafter.

**Conti-Gummi Sees Lower Profits**

Citing higher wage and material costs, Continental Gummi-Werke, West Germany's largest tire and rubber producer, says it will not be able to match

last year's profit level of 20.2 million Deutsche marks this year. Its consolidated turnover in the first nine months of the year was up 2.6 percent at 1.15 billion DM. Foreign turnover increased 3.5 percent in the period to 303.5 million DM while domestic sales were up only 1.7 percent at 846.5 million DM.

**U.S. Merger Activity Off, Value Up**

U.S. merger activity declined in the third quarter, with the number of completed transactions dropping 19 percent to 501 from 616 a year earlier. W.T. Grimm & Co. reports. The figure for the first nine months totaled 1,608, compared with 1,677 the year before. The merger specialist firm adds, however, that the \$25 billion value of all mergers completed during the first nine months nearly doubled the \$14.9 billion of a year before, reflecting a sharp jump in large transactions. During the first nine months, transactions involving more than \$100 million each totaled 59, up from 27 in the year-earlier period and well ahead of the 41 such transactions in all of 1977. Foreign buyers bought 141 U.S. companies in the nine months, up from 111 a year earlier.

**Cash-Short Saudis Are Facing Dilemma**

By Art Pine

WASHINGTON, Oct. 17 (WP) — Saudi Arabia is in a financial pinch. Although the world's leading oil-producer is not likely to go broke anytime soon, it does have a serious cash-flow problem, at least temporarily.

Just recently, the Finance Ministry proposed that the Arabian-American Oil Co., soon to be owned entirely by the Saudis, finance all of its big expansion program from a 50-cent-a-barrel margin. If the Saudis go through with the proposal, it could slow plans to enlarge Aramco's capacity to 12 million barrels daily from the current 10.5 MBD.

What makes the problem so touchy is that there is nothing dramatic the Saudis really can do about it. As U.S. officials argued to King Khaled last month, any sizeable increase in oil prices anytime soon would hurt major Western economies, send the dollar plunging further and ultimately, could dampen oil demand even more.

The Saudis could cut imports, but that would mean curtailing new industrial development programs — a step they are reluctant to take now.

They also could step up their own oil output, either by stepping up OPEC's overall production level or by garnering a larger share of the cartel's allocation.

Analysts say the difficulties now being faced by the Saudis could have broad implications for other Arab nations, and for the effectiveness of the oil-producing cartel as a whole. In the past, the Saudis have played the swing man in OPEC, trimming production levels to bail other producers out of financial squeezes without raising overall prices. That now seems finished.

**Price Rise Expected**

How well the Saudis will be able to cope with the squeeze may depend on several factors, the most important of which is whether the world oil market firms up in the next few months or continues to languish. For now, most analysts believe the cash-flow squeeze the Saudis are suffering will be temporary, and that the budget-paring done so far will tide them through to a reversal early in 1979.

The OPEC ministers are to meet at the end of the year to decide whether to raise prices. In anticipation, major oil companies are expected to step up their purchases. The Saudis also can easily defer millions of dollars in relatively minor

construction projects without jeopardizing construction of major port facilities.

Meanwhile, however, the cash-flow problem is providing new evidence that, in the long run, some of the analysis may have been correct in predicting that the OPEC cartel someday would begin to show signs of cracking. While the present difficulty is far from definitive, economists point out that the cash squeeze finally is forcing the Saudis to consider boosting production levels — a move that should thwart any major rise in prices.

**U.S. Seeks Curb  
On Taiwan TVs**

TAIPEI, Oct. 18 (AP-DJ) — Despite a growing dispute over color-television exports, Taiwan has reached a preliminary agreement to reduce tariffs on about 300 U.S. products in return for similar U.S. cutbacks on about 1,000 of Taiwan's export items, trade officials said.

But officials here said the United States wants to roll back Taiwan's color-TV shipments more than 50 percent from the expected 1978 level of 650,000 units to about 280,000 sets a year until mid-1980. The 280,000 figure is the rough annual average of Taiwan's color-TV exports to the U.S. market in the 1975-77 period, or before conclusion of the orderly marketing agreement restricting Japan's color-TV exports to the United States.

Taiwanese officials argue that to use the average shipments of the three previous years as a base is unfair and the reduction would seriously hamper Taiwan's color-TV industry. For the time being, both sides have temporarily agreed to limit Taiwan's exports of color sets in the fourth quarter of this year to 160,000 units.

**Wall St. Prices Fall;  
Fed Raises Key Rate**

NEW YORK, Oct. 18 (Reuters) — New York Stock Exchange prices today retreated over a broad front for the third consecutive session on worries about rising interest rates, inflation and the falling dollar. Trading was active.

In the government securities market, the Federal Reserve twice drained banking reserves, a near certain signal it is again tightening credit the day after the policy-setting Open Market Committee met, analysts said.

They said the Fed has moved its target on federal funds, overnight reserves banks lend one another and a base for all other interest rates, a notch higher than its previous 8 1/2 percent goal, although the new level is not yet clear. The Fed allowed funds to trade around 8 15/16 percent without intervening, then drained reserves with funds at 8 13/16 percent and again later at 8 3/4 percent.

On the NYSE, the Dow Jones industrial average lost 6.67 to 859.67, and declining issues outnumbered advances 1,250-to-277. Volume eased to 32.94 million shares from 37.87 million yesterday.

Analysts, noting the rise in bouncing starts reported during session, said continuing strength in construction and other indications of steady economic growth could make it more difficult for the Fed to slow money-supply growth and credit demand.

On a technical level, analysts said rising interest rates and record levels of margin debt coupled with falling stock prices could prompt margin traders, those buying on credit, to pare margin positions and add to the selling.

Railroad Group was most active and gained 1/4 to 3/4. Ramada Inns, second most active, lost 1/4 to 10/16. Active Bally Manufacturing fell 1/4 to 42 1/2. Caesar's World lost 1/4 to 38. Company directors proposed a 3-for-2 stock split and offerings of \$25 million of common stock and another \$25 million of debentures.

American Telephone lost 1/4 to 62 1/2 in active trading. Seaboard World Airlines jumped 3/4 to 15 in heavy trading. Western Air Lines fell 1/4 to 9 1/2 and Pan American dropped 1/4 to 7 1/2, both in active trading. Eastman Kodak, also active, picked up 1/4 to 62 1/2. The company forecast record 1978 sales and earnings.

Du Pont lost 1/4 to 130 1/4 despite a sharp rise in third-quarter earnings and its prediction of record net profit for the year. Monsanto fell 1/4 to 56 1/2 and Dow Chemical dropped 1/4 to 27 1/2. Yarnall added 3/4 to 62 1/2. Yesterday, Texas Eastern said it opened a bid for up to 49 percent of Olin Corp. at \$60 a share and today, John-Manville began a competing bid for up to 4.4 million shares at \$65 each.

Smithkline added 1 1/4 to 90 1/4 and Pfizer climbed 3/4 to 34 1/4.

On the American Stock Exchange, prices fell sharply in active trading. The market-value index lost 2.96 to 160.59 and the average price per share lost 24 cents.

**U.S. Income Up  
Moderate 0.5%  
For September**

WASHINGTON, Oct. 18 (UPI) — U.S. personal income rose a moderate 0.5 percent, seasonally adjusted, last month, matching August's gain, the Commerce Department reported today.

The report could cause concern among administration economists who have been counting on robust consumer spending this autumn to keep economic expansion on target. The 0.5-percent increase in each of the last two months were below the 1.4-percent rise in July and the 0.8-percent gains in both June and May.

The September and August rises were the smallest since the 0.4-percent increase of last January when severe winter weather and the nationwide coalminers strike impeded earnings.

Total personal income last month stood at \$1.74 trillion, an increase of \$8.3 billion over August. Wages and salaries increased 0.4 percent, or \$4.3 billion, in September, compared with 0.2 percent, or \$1.9 billion, in August, the department said.

Commodity-producing industries' payrolls increased \$1.7 billion, following a \$100-million decline in August.

The department also reported that construction of homes and apartments rose to an annual rate of 2.07 million units last month, 1.4 percent above the August level. It was the seventh consecutive month that new starts have been above the 2-million mark, a level that economists consider to be healthy.

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**U.S. Company Reports**

Revenue, Profit in Millions of Dollars

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	257.00	200.30	Revenue	997.30	945.50
Profit	15.03	8.32	Profit	103.85	107.74
Per Share	0.75	0.42	Per Share	1.73	1.91

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	711.20	574.30	Revenue	2,990	2,790
Profit	35.12	24.71	Profit	118.70	116.40
Per Share	1.75	1.24	Per Share	3.34	3.72

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	1,050	972.30	Revenue	4,300	3,600
Profit	38.60	50.10	Profit	180.50	150.30
Per Share	1.08	1.48	Per Share	3.53	2.90

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	2,990	2,790	Revenue	1,760	1,350
Profit	118.70	116.40	Profit	109.47	91.42
Per Share	3.34	3.72	Per Share	3.56	2.94

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	311.30	294.00	Revenue	589.70	505.40
Profit	8.49	9.53	Profit	54.90	47.00
Per Share	0.85	0.93	Per Share	0.78	0.67

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	921.80	861.40	Revenue	1,700	1,500
Profit	25.10	26.90	Profit	150.90	126.30
Per Share	2.48	2.48	Per Share	2.15	1.80

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	349.30	289.30	Revenue	1,310	1,100
Profit	18.40	16.10	Profit	70.80	57.60
Per Share	1.18	1.04	Per Share	0.95	0.78

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	959.70	793.90	Revenue	1,630	1,500
Profit	49.70	41.90	Profit	172.90	166.50
Per Share	3.20	2.69	Per Share	2.26	2.25

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	600.40	613.30	Revenue	2,170	2,000
Profit	7.63	28.65	Profit	230.70	226.80
Per Share	0.30	1.12	Per Share	2.86	3.09

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	1,840	1,760	Revenue	1,130	24.90
Profit	66.90	82.42	Profit	49.50	45.84
Per Share	2.62	3.23	Per Share	1.96	1.83

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	1,670	1,590	Revenue	416.10	355.60
Profit	153.40	144.50	Profit	59.80	47.70
Per Share	0.85	0.78	Per Share	0.85	0.68

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	5,070	4,680	Revenue	1,340	1,140
Profit	436.90	450.70	Profit	208.70	167.10
Per Share	2.40	2.43	Per Share	2.96	2.37

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	2,630	2,360	Revenue	1,123	N.A.
Profit	208.00	143.30	Profit	62.30	36.10
Per Share	4.28	2.91	Per Share	1.74	1.03

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	7,000	7,100	Revenue	1,123	N.A.
Profit	566.90	425.70	Profit	62.30	36.10
Per Share	11.65	8.64	Per Share	1.74	1.03

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	2,310	1,950	Revenue	1,123	N.A.
Profit	0.52	0.47	Profit	62.30	36.10
Per Share	0.55	0.57	Per Share	1.74	1.03

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	6,470	5,690	Revenue	1,123	N.A.
Profit	1.53	1.38	Profit	62.30	36.10
Per Share	6.69	8.07	Per Share	1.74	1.03

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	336.30	334.80	Revenue	1,123	N.A.
Profit	38.01	42.85	Profit	62.30	36.10
Per Share	0.63	0.73	Per Share	1.74	1.03

3rd Quarter	1978	1977	9 months	1978	1977
Revenue	2,310	1,950	Revenue	1,123	N.A.
Profit	0.52	0.47	Profit	62.30	36.10
Per Share	0.55	0.57	Per Share	1.74	1.03

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Profit	0.52	0.47	Profit	62.30	36.10
Per Share	0.55	0.57	Per Share	1.74	1.03

3rd Quarter	1978	1977
Revenue.....	326.70	277.20
Profits .....	33.33	20.03
Per Share	1.12	0.67







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(in millions of Dutch guilders)	1988	1989	1990	1991	1992
Operating income	1,100	1,100	1,100	1,100	1,100
Operating expenses	1,100	1,100	1,100	1,100	1,100
Operating profit	0	0	0	0	0
Operating loss	0	0	0	0	0
Operating income	1,100	1,100	1,100	1,100	1,100
Operating expenses	1,100	1,100	1,100	1,100	1,100
Operating profit	0	0	0	0	0
Operating loss	0	0	0	0	0

Age Group	Percentage of NRA Members
18-29	22.3
30-49	27.3
50-69	27.3
70+	27.3

Age Group	Percentage
18-29	4.9
30-39	5.2
40-49	6.2
50-59	7.6
60-69	9.4
70+	12.0
75+	13.6
80+	17.6

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**Private Placement**  
**5½% Bearer Bonds of 1978/1988 II.**

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12 Month Stock										12 Month Stock										12 Month Stock												
High	Low	Div.	In 3 Yd.	P/E	100s.	Sts.	Class	Prev	Chgs	High	Low	Div.	In 3 Yd.	P/E	100s.	Sts.	Class	Prev	Chgs	High	Low	Div.	In 3 Yd.	P/E	100s.	Sts.	Class	Prev	Chgs			
High Low Div. In 3 Yd. P/E 100s. High Low Quot. Close										High Low Div. In 3 Yd. P/E 100s. High Low Quot. Close										High Low Div. In 3 Yd. P/E 100s. High Low Quot. Close												
12 Month Stock	High	Low	Div.	In 3 Yd.	P/E	100s.	Sts.	Class	Prev	Chgs	12 Month Stock	High	Low	Div.	In 3 Yd.	P/E	100s.	Sts.	Class	Prev	Chgs	12 Month Stock	High	Low	Div.	In 3 Yd.	P/E	100s.	Sts.	Class	Prev	Chgs

[illegible]

International Swap Index	Eurocurrency Interest Rates
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Charbonges 84-87	97½	98½	FI 000300000 01-00	97	97	ICI 64-97	98½	97½
City Invest 84-84	94½	95½	QuebProv 8½-87	96½	97½	INA 6-97	97	98
Cons Bond 7½-87	92¾	93¾	QuebProv 9-83	96½	97½	ISE 64-89	91½	92½

ECS 8-4-81	9814	9914	Singer 8-4-82	9514	9614	Morbidelli F 4-4-81	9892	100
ECS 5-4-77	95	96	Silind 8-4-88	98	99	Nabisco 5-4-88	104	106
EIB 8-4-83	9514	9614	Sweden 5-4-87	9414	9514	Owens III 4-4-87	113	115
EIB 8-4-	9314	9414	SwedStC Co. 7-4-82	94	95	Pennep J C 4-4-87	73	75
						Phillippy 4-4-87	75	100

EIB 84-92	93%	96%	TMay 74-87	90%	91%	RCA 5-88	80½	82½
EF Aquit. 84-85	93%	94%	Textron 74-87	93%	94%	Revlon 44-83	150½	152½
EMI 94-89	96%	97%	Transcon 84	89	90	Revlon 44-87	100	101

Backums 8-83	95%	95%	Borsten 3-82	95	97	Wassenaar	97.98	97.99	buy one pound.
Manitoba 84-83	96%	97%	Broad-tail 4-87	74	76	Previous	97.98	97.91	

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AFAProt	8%	9%	DeweyE1	2%	3%	Keyson	3%	4%	PutDCap	9	9%
AVMCo	9%	4%	DiaCrys	25%	26%	KeornYT	18%	18%	Qualins	5%	5%
AddianW	9%	10%	DixnCrz	29	30%	KellySv	43%	45	Drann	7%	7%

AFUDR	23%	10%	Durilon	18%	19%	Kratco	21%	22%	Rouse	8%	8%
AGreal	12%	13%	Eberline	10%	10%	Lancett	24%	24%	Russkov	14%	15%
AMicros	15%	15%	EconLab	24%	25%	LandRes	5%	5%	Sandler	7%	4%

BoiledCp	8%	9%	EthanolAl	24%	25%	MasticR	32%	33%	SolidSts	7	8
BongHE	14%	75%	Fabr	1%	1%	MgtAss	20%	20%	SCoWr	14%	15%
BkndRd	1%	1%	FlndIn	2%	2%	MgtAss	20%	20%	SwGCo	11%	11%

BirdSon	37½ 34	FloodPnl	21 22	Miller	28% 29%	SUPEREI	7½ 7½
Birch	2 2½	FloWotU	¾ ¾	MissVIG	15% 19%	TIME DC	7 7½
BlkHillP	28½ 29	ForestO	15% 16	MontCol	6% 7	Tampax	28½ 27½

GOVERN	13 1/2	14	NorthCo	31	22 1/2	TricoPd	54 1/2	57
Green/M	13 1/2	13 3/4	NorthCo	17 1/2	18 1/2	TrillnOG	4 1/2	6 1/2
GreyAdv	32 1/2	35 1/2	NorthLib	8 1/2	9 1/2	TysonFd	51 1/2	53 1/2
Goldman	1 1/2	1 1/2	NorthLib	1 1/2	1 1/2	TrillnOG	1 1/2	1 1/2

ChzUA	45%	41%	Noover	12%	13	NwHPS	10%	10%	VanceSn	18%	17
ChzUB	34%	35	HorzRs	1%	2%	NwSP5	17%	18%	VanceSn	5%	5%
ClarkIL	27	30%	HudPop	45%	47%	NwSll	17%	18%	Vlcra	8%	9%
						OallvM	26%	25%	VaNBsh	15	15%

ConPap	55	56	IntmtGg	15	15½	PauleyP	8	8¾	WmarC	26¼	27
Crawd	27	28½	InBkWh	8¼	9¼	PeerMf	8½	9¼	WoodLot	31	31¾
CrossCo	37¼	38¼	IwaSoUl	26¼	26¾	PengEnl	17½	18	WWEng	6½	6¾

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